Mexico's farm and fisheries policies show good progress
but further reforms needed - OECD report

Mexico’s recent agricultural reforms have made policies fairer and reduced market distortions, according to a new OECD report. But it warns that some initiatives are heading in the wrong direction. The Target Income programme to provide support to farmers is ineffective at relieving rural poverty while energy subsidies lead to over-exploitation of natural resources.

Agricultural and Fisheries Policies in Mexico says that reforms are also helping to provide the fisheries sector with a sustainable future. It highlights progress being made in managing commercial tuna and shrimp fishing and in the fast-growing aquaculture industry. But the government needs to take further action to control over-fishing of high-value species and limit expansion in the artisanal fleet.

Agriculture

The report is broadly supportive of Mexico’s agriculture policies over recent years although it criticises the Target Income programme for its ineffectiveness and energy subsidies for distorting markets and encouraging farmers to use too much water.

The PROCAMPO program is commended for its transparency and for the role it has played in transferring income to farmers while causing fewer distortions. The report nonetheless recommends that the PROCAMPO programme, designed to provide transition payments to farmers following tariff cuts brought in under the North America Free Trade Agreement (NAFTA), should be better targeted.

“While PROCAMPO represents a vast improvement over the pre-existing policies, to continue the programme unchanged would represent a missed opportunity to re-orient those funds towards more effective poverty alleviation, income support, environment preservation or land market development,” said Stefan Tangermann, OECD Director of Agriculture, Food and Fisheries.

The report acknowledges that communal land ownership constitutes an important social safety net in today’s conditions in Mexico. But as the economy develops and alternative safety nets are introduced, the report recommends that land should be further privatised, removing limits to private ownership and to the development of properly functioning land markets. Such developments could have a big impact in improving the structure and, as a result, the competitiveness of the farm sector.

Greater public investment is needed to improve inspection services, provide better information for farmers, accelerate technological development and build infrastructure for the sector as a whole. But such investments should not favour particular products and, in particular, should not be directed towards the exploitation of resources such as water which are already becoming scarce in some areas.

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Fisheries

Better fishing vessel monitoring has improved enforcement of regulations in the high-value tuna and commercial shrimp fisheries, says the report. However, it recommends that enforcement of regulations be unified under one government agency, CONAPESCA. Mexico should also introduce legally enforceable, integrated fisheries management plans which should include stock recovery programmes for over-exploited fish species.

The OECD study calls for better management of the artisanal fisheries sector. “Using the artisanal fishing sector as a social safety net is both poor fisheries policy and poor social policy,” said Mr Tangermann.

Instead, the report recommends a stable regulatory environment and a high-level strategic vision for the fisheries sector by the Mexican government. Management policies should enable sustainable utilisation of available resources, reducing long-term uncertainty.

New approaches are needed to avoid conflicts between artisanal and commercial fishing, particularly in the coastal shrimp areas. The report suggests that cooperative management in local fisheries would help involve coastal communities in decision-making. Transparency and accountability also need to be improved.

The report says the rapidly growing aquaculture sector has good prospects as it produces high quality products which are in demand in both domestic and export markets. However, the agencies managing the sector need to improve coordination and reduce red tape.

Journalists can obtain a copy of Agricultural and Fisheries Policies in Mexico: Recent achievements, continuing the reform agenda from the OECD Media Division (tel +33 1 4524 9700 or news.contact@oecd.org) or from the OECD Mexico Centre (tel. +52.55.9 138 6233 or mexico.contact@oecd.org)

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