



Confederación Nacional Campesina

RURAL DEVELOPMENT

MEXICAN PUBLIC POLICIES REVIEW

MAY 2015

Agriculture in Latin America (LA): its potential (BID)

Latin America: huge opportunities to feed its population



- 1 / 3 availability of water
- 28% agricultural land with médium to high production potential
- 36% of arable land within 6hrs distance to the markets (Logistics)
- Economic, financial, fiscal, monetary , infrastructure & research advantages in LA ahead from Asia Oriental and África.

60% soy beans 45% coffee & sugar 44% beef 42% chicken
70% bananas 12% cítrics 33% corn

- Brasil-México-Argentina, represents 72% of agricultural output from the región
- LA can contribute, significantly, not only with its own food requeriments, but with the world's

1% CSA = ↑ 2.7% Income of poor population + Food Security

To increase agricultural output (Crecimiento en el Sector Agroalimentario CSA):

Public Policies reviewed + Investment in research, development and innovation

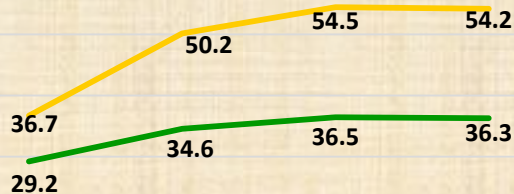
México has natural resources in the Southeast to significantly increase its agricultural output

- Extension and training
- Use of high tech for irrigation
- Risk management
- Develop new and modern infrastructure for logistics and transport
- Increase the participation of the private and social sectors

México's Food Security Index by Sector

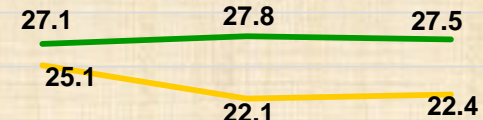


Grains and Oil Seeds

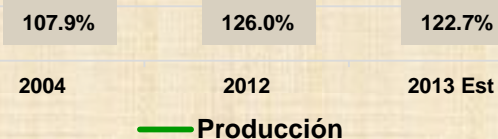
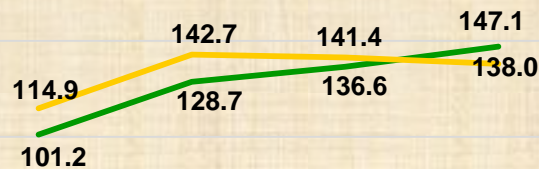


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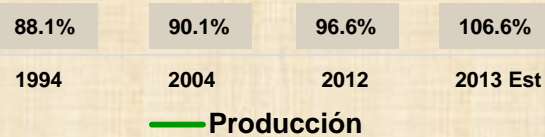
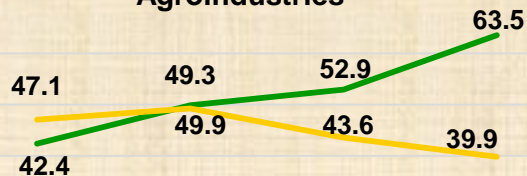
Fruits and Vegetables



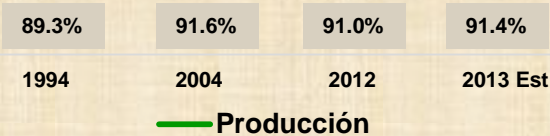
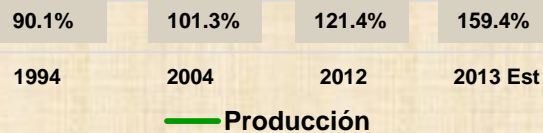
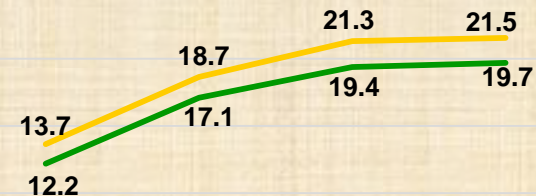
Agricultural Sector



Agroindustries



Meat



- México 37° in world's Food Security Index
 - Dupont-The Economist
 - Not includes Fodders
- Source: GCMA

Agricultural Trade Balance 2013



Imports
21,407.5
million dls

Exports
18,033.4
Million dls

Fruits & Vegetables
3,894

Fruits & Vegetables
10,503

Agroindustries
2,184.5

Agroindustries
3,240.0



Grains & Oil Seeds
8,997

Grains & Oil Seeds
2,288.0

Meat
6,332

Meat
2,002.4



NOTA:

Meat (Bovine, Porcine and Poultry)

Fruits & Vegetables (fresh and processed)

Agroindustries (Coffee, sugar, cocoa and processed)

Grains & Oil Seeds (Cereals, seeds y derivatives)

Does not includes Fisheries, Food Preparations, Beverages and Tobacco. Including this godos it grows to 26,484 in imports and 24,191 in exports

Source: GCMA with information from BANXICO

Analysis by Sector



2014

Grains & Seeds
(Includes: corn, beans, * sugar cane **)

Fruits & Vegetables, Meat, Agroindustries
(Includes other crops)



- ❖ Management
- ❖ Budget constrains
- ❖ Different crop options
- ❖ Increase productivity

- ❖ Boost
- ❖ Exploit
- ❖ Open new markets
- ❖ Strengthen sanitary actions

**PUBLIC POLICIES AND MULTIANUAL BUDGET
FINANCING AND RISK MANAGEMENT
TRILATERAL AGRICULTURAL POLICY (PA3)**

Differentiated Potential of Agricultural Regions in Mexico




-  Industrial Development
-  Infrastructure and services
-  Highest yields
-  High technical standards/ exports oriented

Potential to increase growth
60% production
40% natural resources

OPPORTUNITIES
60% natural resources
40% production

.....requires differentiated Public Policies not only based upon the type of producers to which they should be oriented to, but necessarily by regions too.....

-  Water availability/ sustainable development
-  Underdeveloped in terms of infrastructure and services
-  Diversity/ not business oriented



Shift in Public Policies for Agriculture since 2000

- Concentrated subsidies to high income producers due to farm size, land productivity and access to markets
- Priority for direct subsidies instead of public goods

PRODUCERS
- 77% with <5 has y
73% with no access to market.
- 83% obtained 47.9% subsidies vs 5.3% high income farmers received 30.7%

UER
5.3 mill: 3.9 mill (73%) self consumption and anual income <17,000 pesos.
Only 6.2% with Access to formal credit

- Scatered; reaction to political pressure; complex operation; changing rules.
- Oriented to high income level producers and not possible for small producers

COSTS

Increase in agricultural inputs prices (2000-2013) results in higher costs: 154% gas; diesel 218%; fertilizers 99% and amonia 256%.

- Disvantages for small producers in open competition with other countries
- Negative Commercial Balance with NAFTA partners

SUBSIDIES

High Income Producers \$140,654, Low Income Producers \$5,283.
From 1995 to 2012 in Mexico represents 18% of Agricultural NGP, in the UE 35.1%, USA 32.4% and Japan 62.8%.

- Delivered late; common deviations; and uneffective.
- Designed for demand not to national priorities.
- Not linked with credit

CNC FOR A CHANGE IN PARADIGM IN AGRICULTURAL PUBLIC POLICIES IN MEXICO



Changes oriented to break the vicious circle that reproduces poverty and to create conditions that improve collective and individual output of rural communities.

Long Term Policies

Oriented to Specific Groups of Producers and Regions

Public Goods

Organization

It is feasible to give long term certainty to producers to define:

Food security priorities

Objective Prices for these products and secure commercialization (IO)

Mechanisms for a more even development among producers and regions

Long term Policies and Budgets oriented basically to Public Goods