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Date: 12/22/2011

GAIN Report Number: MX1101

Mexico

Post: Mexico

December Grain and Feed Update - Bean Production Forecast Lower

Report Categories:

Grain and Feed

Climate Change

Global Warming

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Report Highlights:

The marketing year (MY) 2011/12 dry bean production estimate is lowered by 220,000 metric tons (MT) to 600,000 MT as a result of drought, lower yields, and lower-than-previously estimated planted area. The Secretariat of Economy (SE) is expected to issue a year-long 100,000 MT dry bean duty-free import tariff rate quota (TRQ) in early 2012 to compensate for the domestic production decline. Corn, sorghum, wheat, and rice supply and demand estimates remain unchanged.

Executive Summary:

General Information:

Production:

The Post dry bean production estimate of 880,000 MT for MY2011/12 (January to December) has been lowered to 600,000 MT due to more complete data from the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) and information from industry sources. Dry bean output for the 2011 spring/summer harvest was reduced sharply due to drought, which reduced harvested area. Official and private sources stated that this was the most severe drought in northern Mexico in the past eight decades. Preliminary data indicates that 497,349 hectares out of the 1.25 million hectares of total planted area was damaged. (Note: 246,000 hectares were damaged by drought in the 2010 spring/summer crop cycle). The main states affected were: Zacatecas, Durango, Chihuahua, and San Luis Potosi. The originally projected production for the 2011 spring/summer crop cycle of 900,000 MT is expected to reach only 350,000 MT.

It should be noted that the impact of the drought was worst than initially anticipated (see 2011 GAIN report MX1077 *October Update for Corn, Sorghum, Wheat and Dry Beans*). According to private sources, recent field tours throughout these states confirm that the drought affected some areas that traditionally do not have drought problems. The lack of rain during August and September in many production areas severely affected blooming and pollination stages.

Private and official sources have stated that the extended drought that affected the 2011 spring/summer crop cycle, has already caused damage to the 2011/12 fall/winter crop cycle as water reservoirs and dams are at less than 30 percent of capacity, meaning that as much as the producers want to plant dry bean and corn in these areas (e.g., Sinaloa), there will be little water to irrigate. Nayarit, another important dry bean producing state for the 2011/12 fall/winter crop cycle, has not been impacted adversely by the drought, yet. However, according to the Mexican National Weather Service, Nayarit might face drought conditions in the next few months.

The production and harvested area figures for MY2010/11 have been revised upward and downward, respectively, reflecting the latest Mexican government data published by SAGARPA. For MY2009/10, production and harvested area estimates remain unchanged.

Given the lack of rainfall during the spring/summer season and the expected irregular weather patterns for the fall/winter crop, yields for the MY2011/12 dry bean crop in Mexico have been revised downward to 0.62 metric tons/per hectare.

Consumption:

The Post/Total dry bean consumption estimate for MY2011/12 has been revised downward to 900,000 MT, based on new information from industry sources. These sources stated that per capita consumption is expected to drop due to higher dry bean prices. Farm-gate prices paid in Zacatecas were around 13.50 pesos per kilo (roughly U.S. $0.96) for black dry beans and 15 to 16 pesos per kilo for pinto beans (U.S.

$1.07 to 1.14). However, some producers have started keeping and storing farm production in the hope that prices reach 20 pesos per kilo (U.S. $1.43). According to private sources, after prices increased in August, they were steady for September and October, but the Mexican market started reacting again and price increases in November averaged 18 percent for different bean varieties.

Trade:

For MY2011/12, the dry bean import estimate is increased from the Post/Old estimate to 160,000 MT. This outlook is based on expectations of a contraction in domestic production, which should stimulate imports. Export estimates for MY2011/12 have been revised downward to 30,000 MT based on preliminary official data from SAGARPA and the General Customs Directorate of the Finance Secretariat (SHCP) covering the first 9 months of the marketing year.

Stocks:

The Post/New ending stocks estimate for MY2011/12 has been revised sharply downward to 27,000 MT due to lower-than-previously estimated domestic production. Similarly, the ending stocks estimate for MY 2010/11 was revised slightly downward as result of lower-than-originally estimated production.

Policy:

Since 2008, the Government of Mexico has announced a series of measures to confront rising food prices. One of these measures was to authorize a 100,000 MT duty-free import TRQ for dry edible beans during the period from July 15 to October 31 (see 2008 GAIN report MX8046 *Mexico Announces a Tariff Rate Quota on Dry Beans 2008*). This TRQ was not used during 2008, 2009 and 2010 as domestic production and U.S. supplies were adequate.

However, due to the current production shortfall and the consequent price increases, on December 13, 2011, SE sent to the Federal Regulatory Improvement Commission (COFEMER) a draft dry beans TRQ announcement for most favored nation (MFN) trading partners/WTO's members countries for 2012. This TRQ will be for 100,000 MT, also, but will be open for the entire 2012 calendar year. It is expected that the final announcement will be published in Mexico's Federal Register in January 2012.

It should be noted that U.S. exporters are already exempt from duty and TRQ provisions under the NAFTA as of January1, 2008.

Note: COFEMER is an autonomous, technical, and administrative body of SE charged with ensuring transparency in the drafting of federal regulations and for promoting the development of cost effective regulations that produce the greatest net benefit. End Note.

Production, Supply and Demand Data Statistics :

Table 1. Mexico: Dry Beans Production, Supply and Demand for MY 2009/10 to 2011/12

Dry Beans Mexico	2009/2010	2010/2011	2011/2012
	Market Year Begin: Jan 2009	Market Year Begin: Jan 2010	Market Year Begin: Jan 2011

	USDA Official	Old	New Post	USDA Official	Old	New Post	USDA Official	Old	New Post
		Post	Data		Post	Data		Post	Data
Area Harvested	0	1,205	1,205	0	1524	1517		1,165	965
Beginning Stocks	0	216	216	0	286	286		199	197
Production	0	1,041	1,041	0	979	977		880	600
MY Imports	0	172	172	0	115	115		120	160
TY Imports	0	172	172	0	115	115		120	170
TY Imp. from U.S.	0	148	148	0	107	107		112	112
Total Supply	0	1,429	1,429	0	1,380	1,378		1,199	957
MY Exports	0	20	20	0	29	29		40	30
TY Exports	0	20	20	0	29	29		40	30
Feed Consumption	0	0	0	0	0	0		0	0
FSI Consumption	0	1,123	1,123	0	1152	1152		1,050	900
Total Consumption	0	1,123	1,123	0	1,152	1,152		1,050	900
Ending Stocks	0	286	286	0	199	197		109	27
Total Distribution	0	1,429	1,429	0	1,380	1,378		1,199	957
Yield	0	0.8639	0.8639	0	0.6424	0.6440		0.7554	0.6218
1000 HA, 1000 MT, MT/HA									

Author Defined:

For More Information

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

Report Number	Subject	Date Submitted
MX1095	Rice Production Forecast Lower	12/12/11
MX1059	Grain and Feed July Update	7/25/2011
MX1048	Grain and Feed June Update	6/20/2011
MX1043	Grain and Feed May Update -- Sorghum Situation	5/25/2011
MX1033	Grain and Feed April Update	4/29/2011
MX1017	2011 Grain and Feed Annual	3/14/2011
MX1012	Hard Freeze Damages Sinaloa Corn and Produce	2/11/2011
MX1006	January Update for Corn and Rice	1/28/2011

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx , equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.