USDBC MEXICO REPORT

2024 Mexico Crop and Market Update
March 15th

US Dry Bean Council Representation Office Mexico City
Mercalimentos Consultores SC
info@mercalimentos.com

US DRY BEAN Council

In market rep Mercalimentos

March 15th, 2024 Mexico Crop and Market Update

2023/2024 Mexican Fall-Winter Marketing Season for Beans and Final Production stage for Garbanzos

FALL-WINTER: SEASON PLANTING RESUMES OCTOBER FOR BEANS AND NOVEMBER FOR GARBANZOS
Mexico's Fall-Winter cycle bean & garbanzo facts:
Relevance: Second most important cycle for bean production contributing with 25% of the beans for the year, however, varieties in this cycle are mostly yellow beans (70% peruano, mayocoba and azufrado) and 30% black and other speckled varieties.
Only cycle for garbanzo production in the year. Sinaloa is the most important producer of both beans and garbanzos and Nayarit is the other most important but only produces beans.
Planting: Sinaloa plants 80% to 90% irrigated beans and garbanzos. Nayarit and the other states plant dryland.
Harvesting: Planting starts October-November for beans, and November-early December for garbanzo. Harvesting for beans is February and garbanzos is March-April.

GOVERNMENT 2023/2024 FALL WINTER DRY BEAN AND GARBANZO HARVESTING PROGRESS

Sinaloa Beans – irrigated March 18th update

- Expected production of Azufrado and Mayocoba, remains around 150 thousand MT. Quality is reportedly good. Producer associations are hoping that the government will start offering the MX$21 thousand pesos / US$1,235 per MT price guarantee to buy these beans, to be sold in the social programs or for the strategic food reserve of the nation.

- It is expected that some of the yellow beans will be pulled out of the market, to help increase prices back to the initial levels of MX$32,000 to MX$34,000 / US$1,882 to US$2,000 per MT, that were paid to the producers in the first weeks of February, as the state government and agricultural associations have offered bean producers, a free 3-month storage.

- After the second-third week of February, prices paid to producers for yellow beans dropped to MX$23,000 / US$1,352 per MT. At this moment, prices are even lower at MX$20,000 / US$1,176 per MT

- Reportedly, this year Sinaloa planted around 10 thousand hectares of pinto beans, which are not typically grown in the area. Producers reported they were very happy with the yields of around 1.5 MT per hectare they obtained, considering that this is the first time they ventured to plant pintos, and might consider doing it again in 2025.

- Pinto production is now estimated at 12 thousand MT, and prices are around MX$25,000 / US$1,470, and are trading fast. Some of these beans are expected to be used as seed to plant in the Spring-Summer cycle.

Nayarit Beans – dryland March 18th update

- Nayarit has ended bean harvesting reporting initial production of 50 thousand MT, 50% Jamapa black and 50% other varieties including yellow and pintos. Nayarit received some precipitations after cutting the beans, and some pintos and azufrados are reported with damage.

- Prices paid to producers for Jamapa black are MX$28,000 / US$1,647 per MT and MX$22,000 / US$1,294 for pintos.

GOVERNMENT'S OFFICIAL 2023/2024 FALL-WINTER CYCLE MEXICO DRY BEANS GROWING SEASON REPORT IRRIGATED + DRYLAND Situation until JANUARY 31, 2024								
	SURFACE - HECTARES				PRODUCTION - MT		YIELD KG/HA	
STATE	Government's Planting Intention	Planted hectares according to Government	harvested	damaged	Government's Expectation	Obtained according to Government	Expected by Government	Obtained according to Government
CHIAPAS	42,653	40,228	-	0	27,342	-	640	-
NAYARIT	**54,382**	**58,152**	**80**	**0**	**70,326**	**66**	**1,290**	**830**
SINALOA	**73,668**	**83,129**	**30**	**4,678**	**168,581**	**60**	**2,290**	**2,000**
VERACRUZ	21,964	21,527	1,392	0	19,307	1,613	880	1,160
OTHER	40,084	57,660	1,852		49,546	1,010	1,230	545
TOTAL	**232,752**	**230,696**	**3,354**	**4,678**	**335,102**	**2,749**	**1,440**	**820**

SOURCE: SADER – SIAP

Garbanzos: Sinaloa – irrigated March 18th update

- Irrigated Garbanzo harvesting will resume in the last week of March-first of April. As reported before, agricultural authorities in Sinaloa had reported that garbanzo planting was higher than the registered permits, and new estimations say that they may have planted 100 thousand hectares.

- New estimations indicate that production could reach around 200 thousand MT, however, we will have better information in the next couple of weeks, and towards the end of April.

MEXICAN GOVERNMENT'S OFFICIAL 2023/2024 FALL- WINTER MEXICO GARBANZO PRODUCTION GROWING SEASON - Situation until JANUARY 31, 2024								
	Surface - hectares				Production - MT		Yield kilos/has	
State	Government's Planting Intention	Planted hectares according to Government	Harvested according to government	Damaged according to government	Expected by Government	Obtained according to Government	Expected by Government	Obtained according to Government
Baja California Sur	1,470	352		0	2,881		1,960	
Guanajuato	3,950	3,172	100	0	8,089	226	2,050	2,260
Jalisco	266	298		0	566		2,130	
Michoacan	**10,019**	**9,188**		**0**	**19,409**		**1,940**	
Sinaloa	**58,750**	**83,713**		**112**	**130,666**		**2,220**	
Sonora	**11,330**	**7,794**		**0**	**25,293**		**2,230**	
Other states	1,089	1,026			1,243		1,414	
TOTAL	**86,874**	**105,543**	**100**	**112**	**188,147**	**226**	**2,170**	2,260

SOURCE: SADER – SIAP

- **Next report will be April 1st**

Mexican Market Situation – March 18th update

- The pinto bean market in Mexico, is starting to show signs of overstocking, according to some, with pinto prices decreasing. The slow trading and sudden price drop of Sinaloa's azufrado and mayocoba beans, - that can serve as substitution for pintos, can be a sign that there are enough, at least for now.

- Last week, - March 12-13, we attended to the Mexican Retailers Association trade show ANTAD in Guadalajara, and noticed that Argentinean and Brazilian bean traders, were offering beans to Mexican buyers and importers. While Argentineans have been selling on-and-off to Mexico for close to 10 years now, the Brazilians are new in the market, and bullish, considering increasing 10% their planting-production, if they find a good response form the Mexican trade.
- However, Brazilians were able to sell to Mexico in Dec-Jan, close to 2,000 MT, taking advantage of the APECIC program, that allows the importation of non-USMCA beans, without presenting phytosanitary certificates. Normally, Brazil would not be able to sell beans to Mexico, unless the Brazilian and Mexican governments start to establish the necessary phytosanitary requirements for them. Argentina on the other hand, has a different treatment through the special 50 thousand MT black bean quota, valid through 2024. We will continue to monitor and report on both.

- Argentina reportedly finished planting beans, which will be ready by the end of April. Initial prices offered to Mexican importers for new crop go from US$1,200 to US$1,350 per MT, depending on the shipment date.

- APECIC's extension will allow Mexican importers to continue importing dry beans from Argentina, tariff-free through December 31st 2024, and paperwork-free through March 31st, 2025

- Canadian beans are reportedly sold-out, and we should see less of their beans coming into Mexico. We heard that they are actually seeking to buy Argentinean and even Brazilian beans, probably to sell to Mexico.

- Total bean imports in the first 5 months (Set-Jan), of the CY 2023-2024, reached 213,556 MT / US$249.6 million from all origins until, from which 153,299 MT / US$178.9 million are US beans, officially surpassing the total 2023 US bean imports, with 74% of the market share, followed by Canada and Argentina.

- Bean imports are expected to continue throughout 2024, although at a slower pace, in light of relentless drought, that continues affecting the Mexican bean states, along with current shortage of bean seed to plant in 2024 Spring-Summer cycle.

- December and January's market share changed with the **inclusion of other origins** such as **China**, that had been absent for several years, and **Brazil**, that had never been in the market. Thus, the breakdown in January was: **USA 74% with 30,828 MT / US$37.02 M**; Canada 14% with 5,917 MT / US$7.4M Argentina 10% with 4,063 MT / US$4.8 M; Brazil 1% with 520 MT / US$624,000; China 1% with 275 MT US$345,675

2019-2024 September to August - U.S. DRY BEANS to MEXICO - USDA COMMERCIAL YEAR IMPORTS according to Mexican data										
	2019 / 2020		2020 / 2021		2021 / 2022		2022 / 2023		2023 / 2024 Set-Jan 24	
TARIFF CODE / DESCRIPTION	MT	US$	MT	US$	MT	US$	MT	US$	MT	US$
Black, pinto, white and other beans 0713.33.99	1,161	1,117,717	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	62,281	52,557,222	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	44,262	38,875,962	210,016	188,214,078	61,622	69,555,586	145,773	171,509,346	153,299	178,939,917
TOTAL	**116,302**	**91,006,829**	**210,016**	**188,214,078**	**61,622**	**$69,555,586**	**145,773**	**171,509,346**	**153,299**	**178,939,917**

SOURCE: SIAP-SADER WITH IMPORTS DATA FROM THE MEXICAN TAX REVENUE SERVICE
Note: On January, 2021, the Mexican tax law changed. Since then, all bean varieties have been included in the tariff code: 0713.33.99.
In 2022 estimated: 60 black / 38% pintos / 2% other Navy, Pink, DRK, LRK
In 2023 estimated: 50% black / 40% pintos / 8% navy / 2% LRK, Pink, DRK

USDA COMMERCIAL YEAR SEPTEMBER 2023/AUGUST 2024 Mexico's Dry Bean Imports-All Origins					
All beans: pintos, black, white, all 0713.33.99	**COUNTRY OF ORIGIN**	**VOLUME IN KILOGRAMS**	**VOLUME METRIC TONS**	**Avg. market share USA 72%**	**COMMERCIAL VALUE $USD**
TOTAL		**213,556,725**	**213,556**		**$249,565,929**
January 2024	USA	30,828,637	30,828	74%	37,029,695
January 2024	CANADA	5,916,680	5,917	14%	7,373,451
January 2024	ARGENTINA	4,062,990	4,063	10%	4,788,619
January 2024	CHINA	275,000	275	1%	345,675
January 2024	BRAZIL	520,000	520	1%	624,000
Subtotal		**41,603,307**	**41,603**	100%	**50,161,440**
December 2023	USA	30,810,257	30,810	62%	37,252,399
December 2023	ARGENTINA	8,627,170	8,627	18%	10,180,618
December 2023	CANADA	6,754,235	6,754	14%	8,456,743
December 2023	CHINA	1,725,000	1,725	3%	1,971,950
December 2023	BRAZIL	1,300,000	1,300	2%	1,547,000
December 2023	BOLIVIA	122,000	122	1%	152,520
Subtotal		**49,338,662**	**49,338**	100%	**59,561,230**
November 2023	USA	30,601,447	30,601	70%	35,605,430
November 2023	CANADA	8,055,553	8,056	18%	9,923,468
November 2023	ARGENTINA	5,032,030	5,032	12%	5,500,961
Subtotal		**43,689,030**	**43,689**	100%	**51,029,859**
October 2023	USA	36,760,920	36,761	76%	41,545,681
October 2023	CANADA	6,520,675	6,521	14%	7,537,268
October 2023	ARGENTINA	4,860,040	4,860	10%	5,191,507
October 2023	BOLIVIA	100,000	100	0%	87,010
Subtotal		**48,241,635**	**48,242**	100%	**54,361,466**
September 2023	USA	24,298,858	24,299	79%	27,384,241
September 2023	CANADA	3,186,733	3,187	10%	3,716,477
September 2023	ARGENTINA	3,102,500	3,102	10%	3,248,496
September 2023	BOLIVIA	96,000	96	1%	102,720
Subtotal		**30,684,091**	**30,684**	100%	**34,451,934**

SOURCE: IMPORTS DATA FROM THE MEXICAN TAX REVENUE SERVICE

2024 Mexico Weather Follow-up March 18th

The Mexican Meteorological service and CONAGUA, reported yesterday, that temperatures will continue increasing in the north-central, central, and south of Mexico, reaching the high 95's F. Precipitations in Chihuahua, Durango and Zacatecas are not expected in the near future, as it can be seen in the picture below.

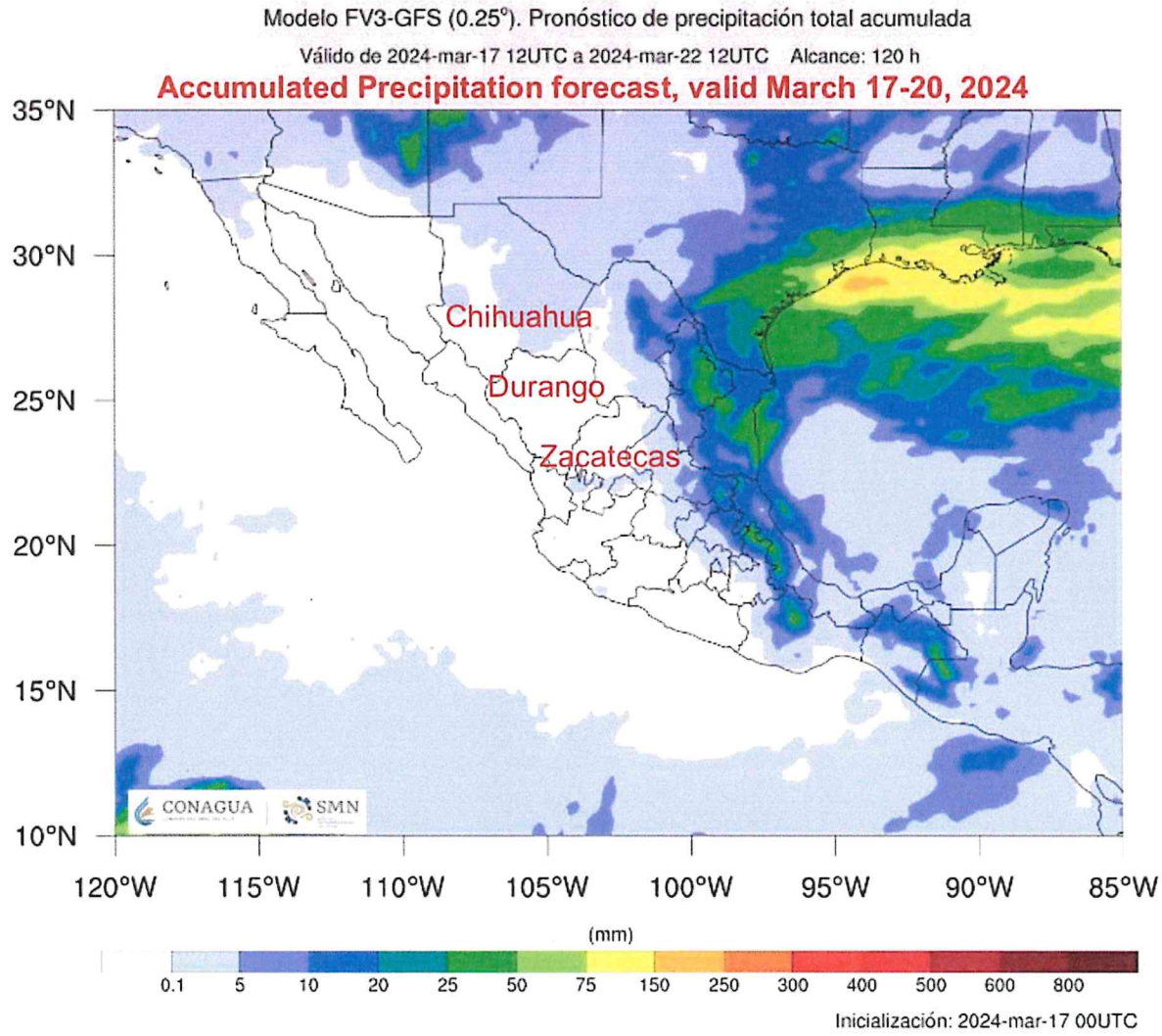


Figura 2. Pronóstico de acumulado total de precipitación en 5 días.

2024 Mexico Drought Monitor. Until February 29th, the 5 bean states that the USDBC follows, continue suffering different drought levels, however, Zacatecas has visibly improved in comparison with January drought monitor, now with 43% of its land, with drought. The other four states continue suffering drought in close to 100% of its territory and the precipitation forecast doesn't show events in the near future, that could revert this situation. We will continue to follow up and report on this.

Número de municipios con sequía*
al 29 de febrero de 2024 Number of Muncipalities with Drought until February 29th, 2024

CONAGUA | SMN

D0 - Abnormally Dry
D1 - Moderate Drought
D2 - Severe Drought
D3 - Extreme Drought
D4 - Exceptional Drought

Municipalities with drought: 1599

Municipalities Abnormally Dry: 510

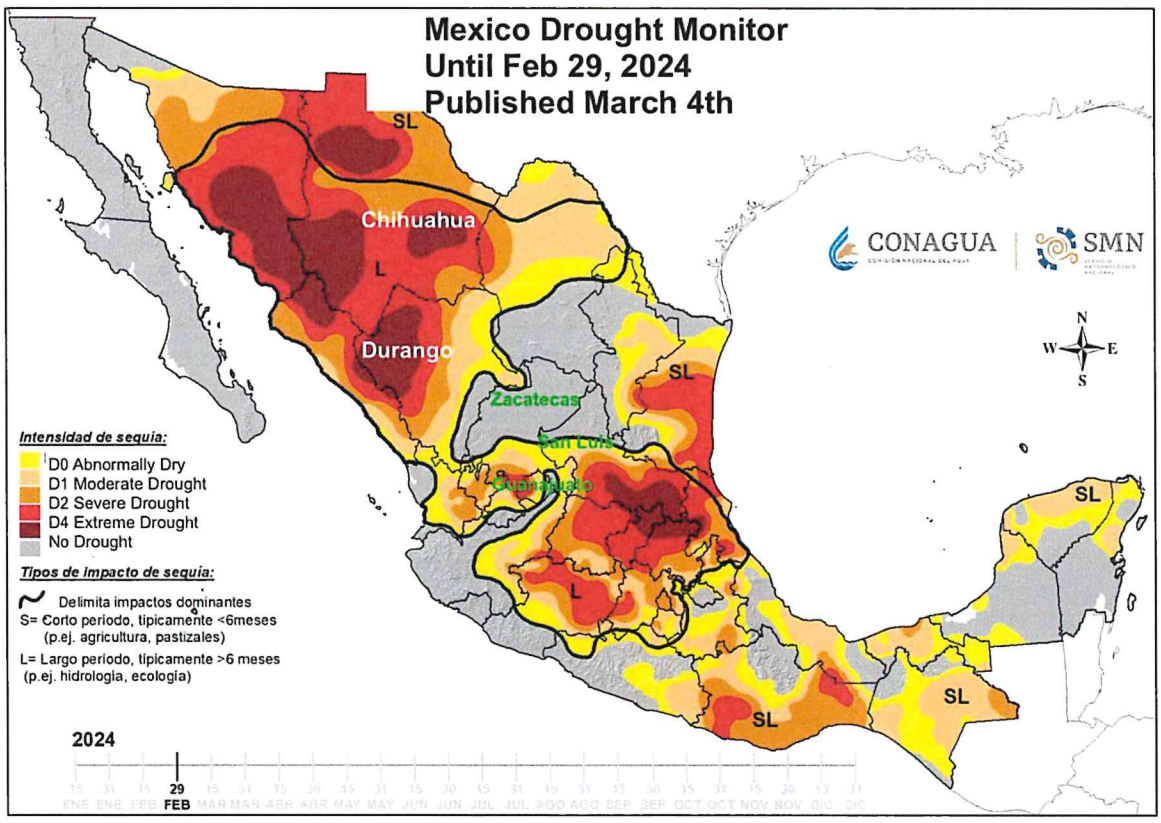
Municipalities without drought: 362

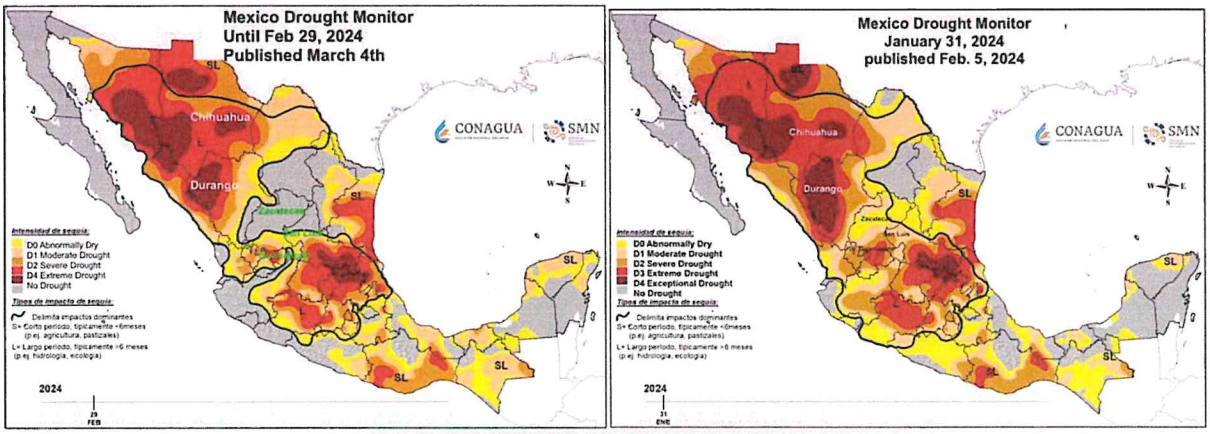
Total Municipalities: 2471

*Se considera sequía las categorías de sequía moderada (D1) a sequía excepcional (D4).

2024 Felipe Carrillo PUERTO

CLAVE	State	D0	D1	D2	D3	D4	Number of Municipalities with Drought D1-D4	% of Municipalities w/ drought vs. total state land
1	Aguascalientes	2	3	3	3		9	81.8
2	Baja California						0	0.0
3	Baja California Sur						0	0.0
4	Campeche	7	6				6	46.2
5	Coahuila de Zaragoza	12	17	1	1		19	50.0
6	Colima						0	0.0
7	Chiapas	52	62	3			65	52.4
8	Chihuahua			4	29	34	67	100.0
9	Ciudad de México			16			16	100.0
10	Durango	3	12	3	7	11	33	84.6
11	Guanajuato			24	18	4	46	100.0
12	Guerrero	35	28	7			35	43.2
13	Hidalgo		9	30	20	25	84	100.0
14	Jalisco	26	28	22	6		56	44.8
15	Estado de México	5	43	58	19		120	96.0
16	Michoacán de Ocampo	5	12	29	61		102	90.3
17	Morelos		22	14			36	100.0
18	Nayarit	7	5	4			9	45.0
19	Nuevo León	15	18	2	2		22	43.1
20	Oaxaca	129	116	175	55		346	60.7
21	Puebla	72	84	36	3		123	56.7
22	Querétaro				11	7	18	100.0
23	Quintana Roo	3	4				4	36.4
24	San Luis Potosí	2	3	3	12	33	51	87.9
25	Sinaloa		1	3	8	6	18	100.0
26	Sonora		5	12	30	24	71	98.6
27	Tabasco	4	8	5			13	76.5
28	Tamaulipas	7	5	7	20		32	74.4
29	Tlaxcala	11	5				5	8.3
30	Veracruz de Ignacio de la Llave	66	54	25	20	8	107	50.5
31	Yucatán	31	61				61	57.5
32	Zacatecas	16	14	6	5		25	43.1
Totales	**Nacional**	**510**	**625**	**492**	**330**	**152**	**1599**	**64.7**





MEXICO NEWS CLIPPINGS

USDBC Disclaimer: In the following section the USDBC disseminates information published in Newspapers and Magazines related to beans (excerpts). The statements or numbers shown in each article are not necessarily in agreement with the USDBC.

Bayer Announces Work on Glyphosate Substitute
DW March 9, 2024

German chemical and pharmaceutical group Bayer is developing a product that could be used as an alternative to the controversial herbicide glyphosate, despite the continued insistence that it is safe, the company's CEO Bill Anderson announced in statements to the German press.

"We are testing this new substance on real plants. It is the first breakthrough innovation in this field in thirty years. Our goal is to commercialize this new product in 2028," says Anderson in today's (09.03.2024) edition of the Sunday Frankfurter Allgemeine Sonntagszeitung (FAS).

Glyphosate was originally developed by the U.S. agrochemical company Monsanto, acquired by Bayer n 2018, for more than US$60 billion. Since then, the German Bayer, has faced tens of thousands of lawsuits for damages due to a possible carcinogenic effect of glyphosate. Bayer has always rejected the accusations, and Anderson insisted on it during a press conference last Tuesday, during the presentation of their 2023 financial results, assuring that "glyphosate is safe".

"We will improve our defense strategy and see what we can do outside the courtroom to limit the legal risks," Anderson stressed today. Investors have long been critical of the fact that the Bayer has not yet succeeded in bringing the glyphosate issue to a close. At the end of January, there were some 54,000 open cases, 2,000 more than in October. The accrued provisions for this amounted to 6.3 billion dollars (about 5.7 billion euros) at the end of 2023. Bayer was, moreover, recently condemned for billions of dollars, although several appeal proceedings are ongoing. In addition to the problems arising from glyphosate, the pharmaceutical arm of the group is running out of reference products due to the progressive expiry of patents on several drugs.

The U.S. Still Fails to Show Continued GMO Corn Consumption Impact on Mexicans' Health: Undersecretary of Agriculture
Reuters Wednesday, March 6, 2024

In August 2023, the United States requested a dispute settlement panel under the T-MEC over Mexico's decree banning GMO corn for human consumption, specifically for use in flour for tortillas.

Mexico is waiting for the United States to prove that persistent consumption over the years of GM corn is safe for Mexicans, the Mexican undersecretary of agriculture said Wednesday, amid a dispute between the two countries. Mexico argued that there is science proving that GMO corn and the herbicide glyphosate are harmful to human health and that its decree - amended in 2023 - to ban that type of grain for human consumption, is within its sovereign right, according to its argument before a panel of the North American trade agreement, USMCA.

The document was dated January 2024, but was released Tuesday by the Institute for Agriculture and Trade Policy, a non-governmental organization. Mexico's Undersecretary of Agriculture, Víctor Suárez, said that it is now up to the United States, to prove that GMO corn does not harm the Mexican population, which consumes more corn than many countries through staples of the daily diet, such as masa nixtamalizada and tortillas.

"We are waiting for the United States to present that scientific evidence," Suarez told Reuters regarding the studies requested to evaluate the safety of genetically modified grain. "But to this day, we have not seen any scientific studies that have been presented by the U.S. and the companies, on the safety of continued consumption over years," he added. "So, there is no scientific basis for the U.S. and the companies to claim that their corn is safe," he stressed.

In response to a request for comment, a U.S. Department of Agriculture spokesman referred Reuters to Washington's position that Mexico's approach to biotechnology is not based on science. A senior official at the Office of the U.S. Trade Representative (USTR) told Reuters that "scientific authorities, including in Mexico, have consistently found biotech products like corn to be safe over a period of decades," in response to Suarez's statement.

Controversy. Genetically modified corn is widely used for livestock feed around the world, although some consumers are wary of consuming GMO products in general. The trade dispute with Mexico could threaten U.S. corn sales at a time when low demand for the grain and falling prices are hurting farmers. Companies such as Bayer, have spent hundreds of millions of dollars in recent decades, developing GMO crops and have defended the safety of GMO foods marketed around the world.

Mexico's written response cited studies showing links between GMO corn consumption and glyphosate exposure, with liver inflammation in humans and impact on the immune response in animals, saying it considers the risk to human health to be "extremely serious". The United States requested a dispute settlement panel under the USMCA in August, over Mexico's decree banning GMO corn for human consumption, specifically for use in tortilla flour.

The decree allows the use of GMO yellow corn for animal consumption, which accounts for most of the nearly US$5.9 billion Mexico imports annually. Washington has insisted that Mexico's decree banning imports of GMO corn for tortillas is not based on science and violates USMCA agreements, in place since 2020.

"There is no impact to trade," Suarez asserted, adding that imports into Mexico of corn from the United States have increased in recent years. "It is pure ideology behind a model of food dependency," he added. In its written response, Mexico argued that no specific deadline has been set for the total substitution of genetically modified corn, as raised by the decree, so it cannot be an argument about its potential trade impact in the dispute panel.

Inefficient Agriculture is Squeezing Mexico Dry
Excelsior Feb 18, 2024

The loss of water in agriculture affects not only producers, but all inhabitants of the country, because it could have been used in the industrial or domestic sectors. Improving crop irrigation techniques throughout the national territory, would allow solving the water problem in Mexico, according to specialists.

According to the Conagua, 76% of the water used in the country is for agriculture and livestock, but the lack of technification and failures in the infrastructure of irrigation systems, cause that around 60% of the water that goes to crops is wasted.

Francisco Gamboa Barrón, former Durango Secretary of Agriculture, told Excélsior that one of the obstacles to extending technification in the Mexican agriculture, is the lack of investment.

Agriculture dries up the nation. 76% of the water consumed in Mexico is used for crops; irrigation technification would reduce total consumption by half: experts. About three quarters of the water consumed in Mexico is used for agriculture, however, the inefficient use of water resources puts at risk not only the availability of water for human consumption, but also food production.

According to the National Water Commission (Conagua), 76% of the water used in the country is used for agriculture and livestock, while the rest goes to public water supply (14%), thermoelectric plants (5%) and industry (5%). Specialists urge to improve irrigation techniques throughout the country, which would allow saving up to 50% of the total water consumed in the country.

Optimization is key. Mexico has an area of 32.1 million agricultural hectares, of which an average of 21.6 million hectares are planted annually. According to SIAP, around 30% of the sown area is under irrigation conditions (6.5 million hectares).

According to Francisco Gamboa, "the optimization of water use in agriculture in Mexico is crucial to increase profitability and guarantee the sustainability of agricultural production and water conservation". The also academic of the School of Government and Economics of the Universidad Panamericana, said that one of the obstacles to increase agricultural technification, is the lack of investment.

Most farmers require financial support to acquire modern equipment and efficient irrigation systems. It is important to facilitate access to credit and subsidies that promote the adoption of technology". For this reason, he suggests continuing to inject resources into field technification; promoting sustainable agricultural practices; implementing advanced irrigation technologies, such as drip irrigation; promoting real-time monitoring and control systems that help farmers use the right amount of water at the right time, as well as promoting the recycling and reuse of water resources in agriculture.