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Report Name: Grain and Feed Update

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Report Highlights:

Forecasted corn production for Marketing Year (MY) 2020/21 is reduced slightly to 27.8 million metric tons (MMT), based on the most recent official data. Production and harvested area for sorghum in MY 2020/21 were revised slightly upward on official data. On December 31, 2020, Mexico published a decree that calls for a phase-out of use of both glyphosate and genetically modified (GE) corn for human consumption in Mexico. However, to date Mexico has not provided details regarding the definition of human consumption and what, if any, corn-derived products might be affected. On November 24, 2020, Mexican phytosanitary authorities announced a long-term authorization for imports of Uruguayan rice into Mexico.

EXECUTIVE SUMMARY

Mexico's wheat production in Marketing Year (MY) 2019/20 is revised downward, based on more complete figures from the Secretariat of Agriculture and Rural Development (SADER). The projected corn production for MY 2020/21 was reduced slightly from USDA/Official data to 27.8 million metric tons (MMT), based on most recent data issued by SADER as of November 30, 2020. The sorghum production estimate and harvested area for MY 2020/21 have been revised slightly upward reflecting the more recent official data from SADER. Lastly, the rice production estimate for MY 2019/20 (October to September) was revised slightly upward from USDA/Official estimates to 255,000 MT (rough production) reflecting the most recent data from SADER and industry sources. The increased rough production is equivalent to 175,000 MT of milled rice. On December 31, 2020, Mexico published a decree that calls for a phase-out of use of both glyphosate and genetically modified (GE) corn for human consumption in Mexico. No information has been given about how the Mexican government defines GE corn for human consumption and what, if any, corn-derived products might be affected. On November 24, 2020, Mexican phytosanitary authorities announced a long-term authorization for imports of Uruguayan rice into Mexico.

WHEAT

Table 1: Mexico, Wheat Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Wheat Market Year Begins Mexico	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	540	540	590	590	550	530
Beginning Stocks	768	768	603	603	385	385
Production	3000	3000	3270	3270	3050	2900
MY Imports	4861	4861	5080	5080	5000	5000
TY Imports	4861	4861	5080	5080	5000	5000
Total Supply	8629	8629	8953	8953	8435	8285
MY Exports	526	526	1168	1168	700	700
TY Exports	526	526	1168	1168	700	700
Feed and Residual	300	300	200	200	200	200
FSI Consumption	7200	7200	7200	7200	7200	7200
Total Consumption	7500	7500	7400	7400	7400	7400
Ending Stocks	603	603	385	385	335	185
Total Distribution	8629	8629	8953	8953	8435	8285
Yield	5.5556	5.5556	5.5424	5.5424	5.5455	5.4717

(1000 HA) ,(1000 MT) ,(MT/HA)

Production

Post total wheat production and harvested area estimates for MY 2020/21 were revised downward from USDA/Official estimates, reflecting the latest official data from SADER. This data includes preliminary final figures for the 2019/20 fall/winter crop cycle, as well as the available official information for the 2020 Spring/Summer crop cycle (as of November 30, 2020). Regarding the fall/winter crop cycle, private sources state that wheat planted area was approximately nine percent lower than the initial planting intentions. Farmers have recently shifted to planting more bread wheat than their typical durum-type wheat because of modifications to the Mexican government's Guarantee Prices program,

which grants small and medium growers a guarantee price per ton of bread wheat produced (see GAIN Report [MX2020-0015](#) for more information). A shift from planting durum wheat (called “cristalino” in Mexico) to planting more bread wheat will lead to lower yields for farmers, as bread wheat has relatively lower yields than the cristalino variety.

Ending stocks

MY 2020/21 are adjusted downward to reflect the estimated lower production in this marketing year.

CORN

Table 2: Mexico, Corn Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Corn Market Year Begins Mexico	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7200	7198	6621	6621	7300	7250
Beginning Stocks	5649	5649	5089	5160	3286	3515
Production	27600	27671	26500	26658	28000	27800
MY Imports	16658	16658	16526	16526	16500	16500
TY Imports	16658	16658	16526	16526	16500	16500
Total Supply	49907	49978	48115	48344	47786	47815
MY Exports	718	718	1029	1029	900	900
TY Exports	718	718	1029	1029	900	900
Feed and Residual	25900	25900	25600	25600	25600	25600
FSI Consumption	18200	18200	18200	18200	18250	18250
Total Consumption	44100	44100	43800	43800	43850	43850
Ending Stocks	5089	5160	3286	3515	3036	3065
Total Distribution	49907	49978	48115	48344	47786	47815
Yield	3.8333	3.8443	4.0024	4.0263	3.8356	3.8345
(1000 HA) ,(1000 MT) ,(MT/HA)						

Production

The projected corn production for MY 2020/21 was reduced slightly from USDA/Official data to 27.8 million metric tons (MMT), based on the most recent data issued by SADER as of November 30, 2020. The new corn production estimate includes the planting intentions of the current 2020/21 fall/winter crop cycle, which is estimated to reach a production of 8.0 MMT (against 8.3 MMT registered during the same crop cycle a year earlier).

According to private sources, as of mid of December, water availability for irrigation was approximately 27.1 percent below the level registered in 2019 at the national level, which is likely to limit corn production in this crop cycle. Based on information of the National Water Commission (CONAGUA), a private consulting firm (GMCA) created a comparative table of the main dams with water available for agricultural use. For example, in the state of Sinaloa (the main producing corn producer state of this crop cycle), water storage in its five dams destined for agricultural use was 53.3 percent lower than the same date a year ago (4,607 cubic hectometers as of December 16, 2020, versus 9,897 hectometers recorded a year earlier on the same date). This reduction in water storage availability was due to the long-term drought in northwestern Mexico. Therefore, even though corn planting intentions in the 2020/21

fall/winter cycle in Sinaloa are slightly higher than a year ago, government and private sources note that irrigation will be limited due to the drought conditions and consequently the yields and corn production could be slightly lower.

The Post/New production estimates for MY 2018/19 and MY 2019/20 have been revised slightly upward from USDA/Official figures. These changes reflect preliminary final data from the SADER.

Stocks

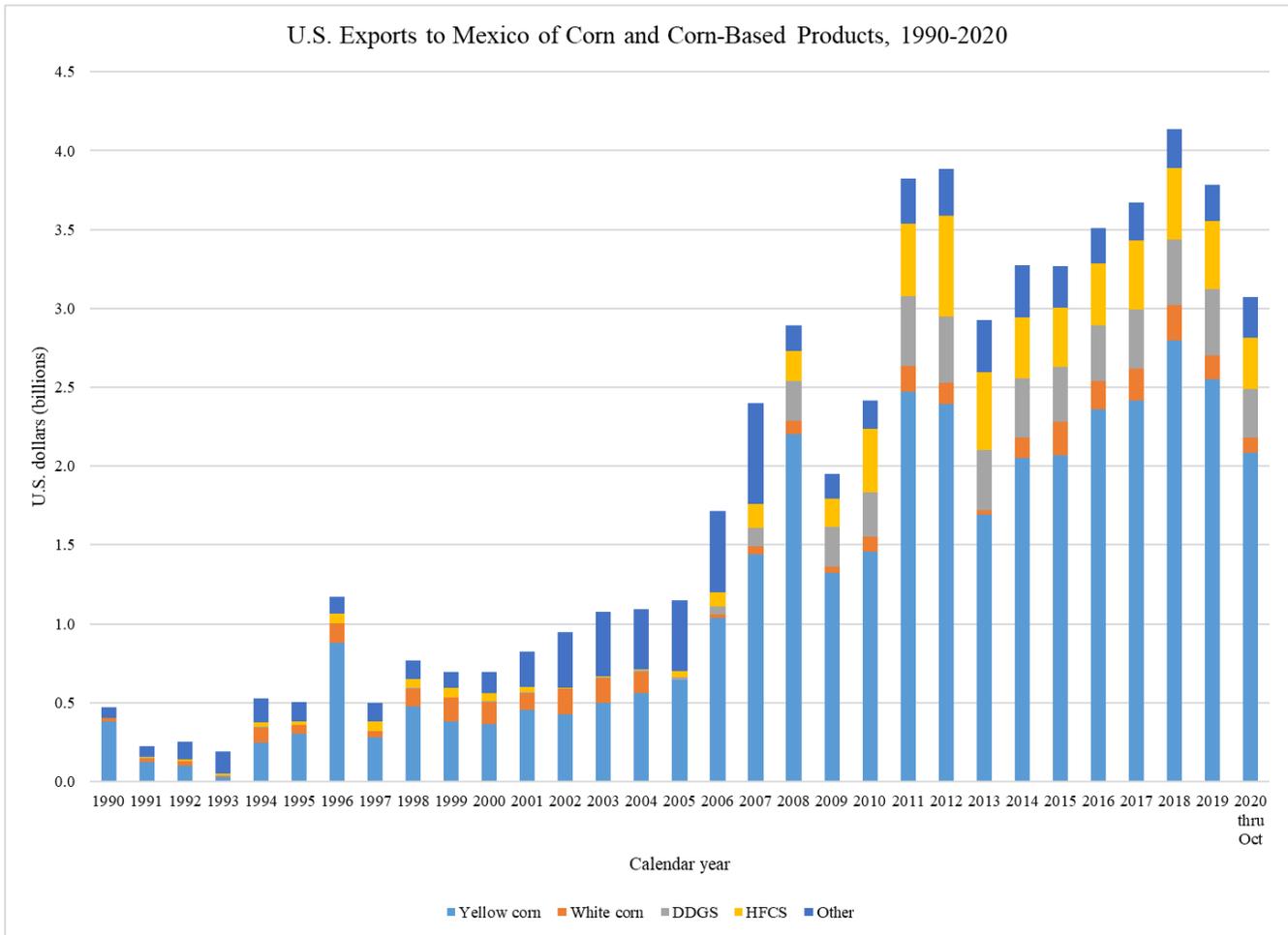
The Post/New corn ending stocks estimate for MY 2018/2019 was revised upward to 5.16 MMT and the ending stocks for MY 2019/20 was revised upward to 3.515 MMT, as result of higher than originally estimated production in both marketing years. The higher ending stocks in MY 2019/2020 was reflected in the carry over for MY 2020/21, which was also adjusted upward. The ending stocks estimate for this marketing year was slightly increased to 3.065 MMT.

Policy

New Decree Calls for Prohibition of GE Corn

On December 31, Mexico published a [final decree](#) in its Mexican Federal Register (*Diario Oficial*) that calls for a phase-out of use of both glyphosate and genetically modified (GE) corn for human consumption in Mexico. The Mexican government has offered no details regarding the implementation of the decree or possible timelines for these changes. Additionally, no information has been given about how the Mexican government defines GE corn for human consumption and what, if any, corn-derived products might be affected. As seen in the figure below, the majority of U.S. corn exports to Mexico is yellow corn destined for use in the livestock feed industry. U.S. yellow corn is also imported for use in the Mexican processing sector to make cereals, starches, and other processed products. Smaller amount of U.S. white corn are exported to Mexico for food use. Mexico is mostly self-sufficient in the production of white corn but will supplement its own production with imports of U.S. white corn as needed. A variety of corn-based products are also exported to Mexico. As it is still unclear when or to what extent this decree may impact Mexico's corn imports, import estimations in this report do not take into consideration implications of the decree. For more information, see GAIN Report [MX2021-0003](#).

Figure 1: U.S. Exports to Mexico of Corn and Corn-Based Products, 1990-2020



Source: Prepared by USDA, Economic Research Service, using U.S. Census Bureau data compiled by USDA, Foreign Agricultural Service, *Global Agricultural Trade System*.

New Program Guidelines for Production for Wellbeing

On December 28, 2020, SADER published new operational guidelines for the Production for Wellbeing (*Produccion para el Bienestar*) program in the Federal Register. Production for Wellbeing is a direct support program for small and medium producers of corn, dry beans, bread wheat, rice, and other grains with farms up to 20 hectares. The program’s overall objective is to increase domestic grain production and to help small producers reach a higher level of food self-sufficiency. Producers registered under the previous Proagro or PIMAF (Incentives Program for Corn and Bean Producers) programs were automatically included in the new Production for Wellbeing system. The 2021 support amounts increased slightly compared with the previous year amounts:

Producer Type	Definition	Support per eligible hectare
Small Grower	Grower with up to 5 hectares non-irrigated	2,000 pesos (100 USD)
Medium Grower	Grower with 5-20 hectares non-irrigated or 5 hectares irrigated	1,200 pesos (60 USD)

According with the new operational guidelines of 2021, growers with more than 20 and up to 30 hectares of rainfed grains may be supported. The maximum amount of support will be equivalent to 20 hectares, as established by the program guidelines and according to budget sufficiency. For these growers, the support will be of 1,200 Mexican pesos per hectare (around 60 USD).

As of November 30, 2020, the expenditure of this program was 10.308 billion pesos (519.5 million USD), which represents 93.7 percent of the total allocated budget. Of this total, 85.1 percent was for grain producers, 8.4 percent for coffee growers and 6.5 percent for sugar cane producers. Of the total supports granted, 35.3 percent were to indigenous communities and around 60 percent are located in the South-Southeast states.

For 2021, a total of 13.5 billion pesos (approximately 680.5 million USD) will be available, an increase of 22.7 percent compared with the total budget a year earlier. SADER states its goal is to benefit 2.12 million small and medium producers of basic commodities, 75 percent of which have less than five hectares of land.

SORGHUM

Table 3: Mexico, Sorghum Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Sorghum	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Year Begins Mexico						
Area Harvested	1350	1350	1320	1378	1350	1430
Beginning Stocks	113	113	259	259	125	153
Production	4700	4700	4300	4328	4500	4600
MY Imports	546	546	567	567	100	100
TY Imports	546	546	567	567	100	100
Total Supply	5359	5359	5126	5154	4725	4853
MY Exports	0	0	1	1	0	0
TY Exports	0	0	1	1	0	0
Feed and Residual	5000	5000	4900	4900	4500	4500
FSI Consumption	100	100	100	100	100	100
Total Consumption	5100	5100	5000	5000	4600	4600
Ending Stocks	259	259	125	153	125	253
Total Distribution	5359	5359	5126	5154	4725	4854
Yield	3.4815	3.4815	3.2576	3.1408	3.3333	3.2168

(1000 HA) ,(1000 MT) ,(MT/HA)

Production

The total sorghum production and harvested area estimates for MY 2020/21 have been revised upward based on updated official data released by SADER. These statistics include the planting intentions of the 2020/21 fall/winter crop cycle as well as the result of the 2020 spring/summer crop cycle as of November 30, 2020. However, it should be noted that FAS/Mexico estimates are lower than the official SADER estimates. Private sources state that SADER planting intentions are extremely optimistic considering the lack of water availability in Tamaulipas, the main producing state. Based on CONAGUA figures, the water availability for agricultural purposes in the two dams of Tamaulipas was approximately 21 percent lower at the mid of December 2020 relative to the same date a year earlier, which could adversely impact the sorghum yields in Tamaulipas. Private sources estimate that sorghum production in Tamaulipas could reach approximately 1.750 MMT, as opposed to the SADER estimation of 2.1 MMT for the 2020/21 fall/winter crop cycle. Tamaulipas alone accounts for 80 percent of Mexico's fall/winter crop cycle and only 22 percent of the fall/winter crop is irrigated.

The MY 2019/20 production and harvest area estimates were increased to reflect final government figures issued by SADER.

Trade

The total sorghum import estimate for MY 2020/21 has remained unchanged based on Trade Data Monitor (TDM) information.

On October 29, 2020, Mexico and China officially signed phytosanitary protocols that will allow Mexico to export sorghum to China for human consumption. Mexico was previously able to export sorghum to China only for animal consumption. China began talks with Mexico to diversify its sorghum sources amid escalating China–U.S. trade tariffs in 2019. Mexican analysts believe Mexico will be able to capitalize on increasing Chinese demand because of Mexico's strong transportation networks and port infrastructure and may ultimately be able to compete in volume with Argentina and Australia, China's other main sorghum suppliers. Private industry believes that sorghum export volumes to China could reach 50,000 and 100,000 MT by MY 2021/22. Some analysts predict Mexican white corn farmers may take advantage of the new export protocol to shift acreage to sorghum. Mexican sorghum diverted to China would also reduce the amount available for use in Mexico's livestock industry, perhaps increasing the demand for U.S. sorghum imports.

Stocks

Estimated MY 2019/20 ending stocks were revised upward because of higher domestic production compared to earlier estimates. This increase is reflected in the carryover of the MY 2020/21. Similarly, ending stocks of MY 2020/21 were adjusted upward due to higher domestic production than earlier estimates.

RICE

Table 4: Mexico, Rice Production, Supply, and Demand for MY 2018/2019 to MY 2020/2021

Rice, Milled Market Year Begins Mexico	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	43	43	39	39	44	44
Beginning Stocks	151	151	137	137	160	163
Milled Production	188	188	172	175	193	193
Rough Production	274	274	250	255	281	281
Milling Rate (.9999)	6870	6870	6870	6870	6870	6870
MY Imports	744	744	803	803	800	800
TY Imports	730	730	850	850	800	800
Total Supply	1083	1083	1112	1115	1153	1156
MY Exports	26	26	12	12	5	5
TY Exports	12	12	12	12	5	5
Consumption and Residual	920	920	940	940	960	960
Ending Stocks	137	137	160	163	188	191
Total Distribution	1083	1083	1112	1115	1153	1156
Yield (Rough)	6.3721	6.3721	6.4103	6.5385	6.3864	6.3864

(1000 HA) ,(1000 MT) ,(MT/HA)

Production

Mexico's rice production estimate for MY 2020/21 (October to September) remains unchanged at 281,000 MT (equivalent to 193,000 MT of milled rice), with an estimated 44,000 hectares of area harvested. It should be noted that official sources have stated that rice planting intentions could be approximately 50,000 hectares in this marketing year, mainly because of the expected higher area planted in Campeche in the 2020 spring/summer crop cycle. However, private sources consider these intentions extremely optimistic. The Mexican Rice Council estimates that the increase in planted area was only 5,000 hectares higher than the previous marketing year, despite the new governmental support from the Guarantee Prices program.

The total rice production estimate for the MY 2019/20 was adjusted slightly upward to 255,000 MT rough production, based on SADER updated official figures as of November 30, 2020. This production is equivalent to 175,000 MT of milled rice.

Trade

The import estimate for MY 2020/21 remains unchanged at 800,000 MT. On November 24, 2020, the Mexican Government announced that Uruguay was eligible to ship rice to Mexico permanently. Reportedly, the Mexican government will carefully scrutinize all shipments of imported Uruguayan rice, due to the previous findings of khapra beetle in several containers of Uruguayan shipments in 2019, which led to Uruguay's removal from the list of eligible exporting countries of rice at that time. However, as a result of increased domestic demand and high rice prices resulting from the COVID-19 pandemic, the Mexican Government decided to reopen the Mexican market temporarily for the imports of Uruguayan rice following Uruguayan authorities' submission of a phytosanitary protocol describing their production and transport controls. Private industry sources indicate that the long-term import

authorization provides Mexico with an additional source for rice to mitigate the current high demand for rice.

Stocks

Estimated MY 2019/20 ending stocks were increased slightly upward based on higher than previously estimated domestic production. This was reflected in the carry over for MY 2020/21, which was also adjusted upward. This caused a slight increase in the ending stocks estimate for this marketing year to 191,000 MT.

For More Information

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

Report Number	Title	Dated Submitted
MX2020-0047	Grain and Feed Update	9/04/2020
MX2020-0032	Grain and Feed Update	7/10/2020
MX2020-0015	Grain and Feed Annual	3/12/2020
MX2020-0004	Grain and Feed Update	1/13/2020
MX2019-1401	Corn and Wheat Production Higher than Expected but Wheat Consumption Down	8/23/2019

Attachments:

No Attachments