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PROCAMPO 2013 Subsidy Program Changes

Report Categories:

Agriculture in the News

Agricultural Situation

Trade Policy Monitoring

WTO Notifications

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Report Highlights:

The Secretariat of Agriculture (SAGARPA) recently published in the *Diario Oficial* (Mexico's Federal Register) a notice which modifies the operational rules of PROCAMPO - a domestic agricultural support program for 2013 with a budget exceeding U.S. \$1 billion. The official title of the program changed from, "PROCAMPO for Better Living" to "PROCAMPO Productive", which highlights a new provision that growers are only eligible to receive subsidies based on actual production. Under the new program, the maximum subsidy amount that a grower can receive will not exceed 100,000 pesos (roughly U.S. \$7,750.00) per crop cycle.

General Information:

This report summarizes an official notice from the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) modifying the operational rules of the domestic agricultural support program called PROCAMPO (“Direct Support to Countryside Program”), published in Mexico’s Federal Register (*Diario Oficial*) on February 12, 2013.

Disclaimer:

This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

Title:

Notice that amends, supplements and and/or repeals various provisions to the Operational Rules of Direct Supports to Countryside Program (PROCAMPO) Productive.

Important Dates:

1. Publication Date: February 12, 2013
2. Enforcement Date: February 13, 2013

FAS/Mexico’s Executive Summary:

On February 12, 2013, SAGARPA published in the *Diario Oficial* (Mexico’s Federal Register) a notice which modifies the operational rules of PROCAMPO - a domestic agricultural support program for 2013 (see 2009 GAIN Report MX 9020 *Mexico Announces Changes to Support Program*). The PROCAMPO budget allocation for 2013 is 14 billion pesos (approximately U.S. \$1.08 billion), which is very similar to the amount allocated in 2012.

The notice informs of a change in the program’s title from, “PROCAMPO for Better Living” to “PROCAMPO Productive”, which highlights a new provision that growers are only eligible to receive PROCAMPO’s support for planted area. Before, growers could get support payments just for land ownership – not on actual production. Failure to meet this new planting requirement will lead to removal from land registration in the PROCAMPO directory. Consequently, the grower shall not be eligible to receive the subsidy in the future. Moreover, SAGARPA stated that, under the new program, the maximum area under production that a grower can receive PROCAMPO subsidy will be the equivalent in hectares up to 100,000 pesos (roughly U.S. \$7,750.00) per grower and per crop cycle.

Background:

PROCAMPO was initiated in October 1993 by Presidential Decree. The program was created to facilitate the transition under NAFTA to more market oriented policies from the previous system of guaranteed prices. It provides direct cash payments at planting time on a per hectare basis to growers of many crops, including feed grains as well as oilseeds. Initially, PROCAMPO was designed to be in place until the 2008-2009 fall-winter crop cycles. However, the Felipe Calderon administration (2006-2012) decided to extend the program until 2012 with some minor changes.

PROCAMPO historically granted a flat-rate payments to farmers with production areas between one and five hectares tapping out at 1,300 pesos per hectare (approximately U.S. \$100.77/ha) and 1,160 pesos (roughly U.S. \$89.92) for rain fed areas for the spring-summer crop cycles, up to the limits stated in the table below (which range between 6 and 18 hectares).

Table 1. Mexico: Maximum Area Eligible for Preferential Payment under PROCAMPO by State	
State	Hectares Scheduled for Advances for Eligible Property
Aguascalientes	6
Baja California	18
Baja California Sur	15
Colima	7
Chihuahua	10
Durango	8
Jalisco	6
Sinaloa	10
Sonora	7
Tamaulipas	10
Zacatecas	8

Source: Database of PROCAMPO Directory

Normal Payment: A payment of 963.00 pesos per hectare (U.S. \$74.65/ha) up to a maximum of 100,000 pesos for the rest of the production area of the spring-summer crop cycle and for all production area of the fall-winter crop cycle.

Announcement Details: The notice states that the objective of the program is provided cash transfer to agricultural growers to support their incomes. In order to be able to participate in the program, farmers or companies must register their land in the PROCAMPO directory. Moreover, if weather conditions and/or natural disasters prevent the planting of eligible area, PROCAMPO supports will be granted to growers through a written request to SAGARPA with an attestation from state SAGARPA officials. Another modification is the payment system, which will be done automatically through electronic deposit to the growers' bank accounts. Growers will no longer have to go to SAGARPA facilities to pick up payments in cash.

Lastly, SAGARPA Secretary Enrique Martinez y Martinez pointed out that the changes in PROCAMPO 2013 seek to leave behind traditional governmental assistance practices and, instead, create production incentives to favor and encourage small and medium growers. Regarding PROCAMPO budget for 2013, the Secretary indicated that it will be 14 billion pesos (approximately U.S. \$1.08 billion), which is very similar to the amount allocated in 2012.

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.

Useful Mexican Web Sites:

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