



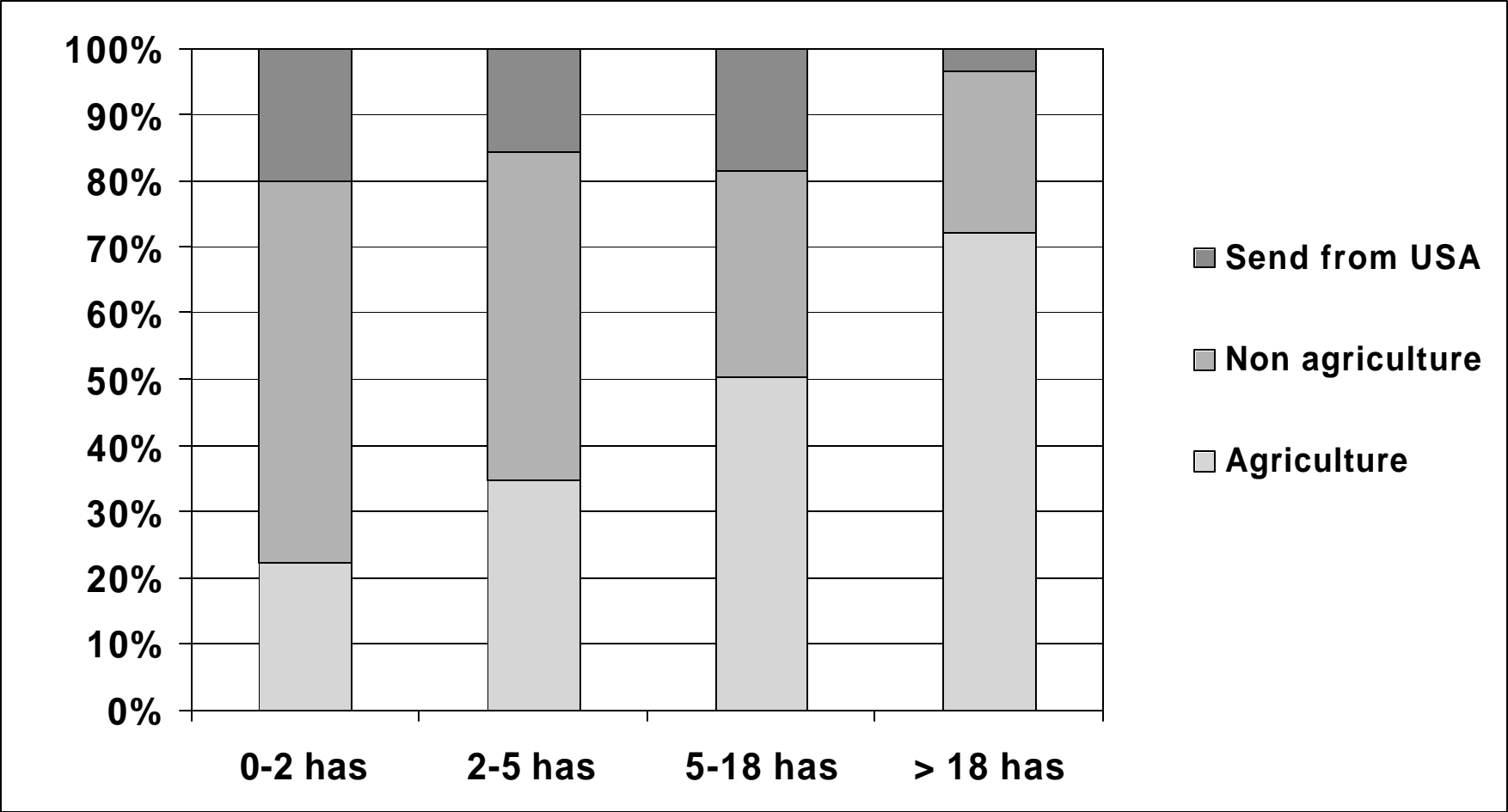
Financing the Agriculture Sector in Mèxico.

April 2003

Structural Problems and Trends in the Mexican Agriculture Sector:

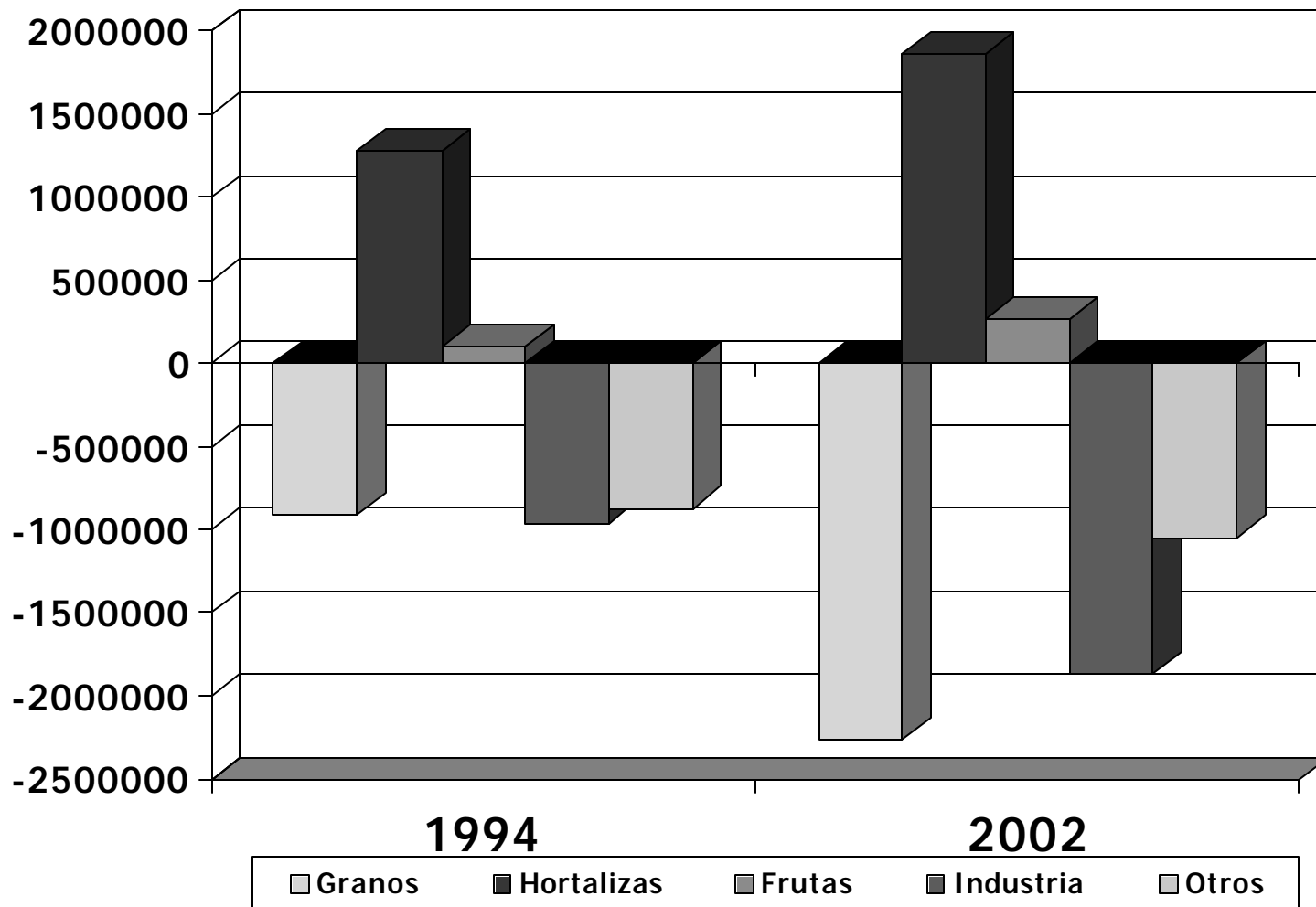
Rural Family Income

% Structure



From: De Jainvry, Alain (1995), in Casco, Andrés. *La Política Sectorial Agropecuaria en México: Balance de una Década*. IICA.México D.F. 2000

Trade balance of agriculture



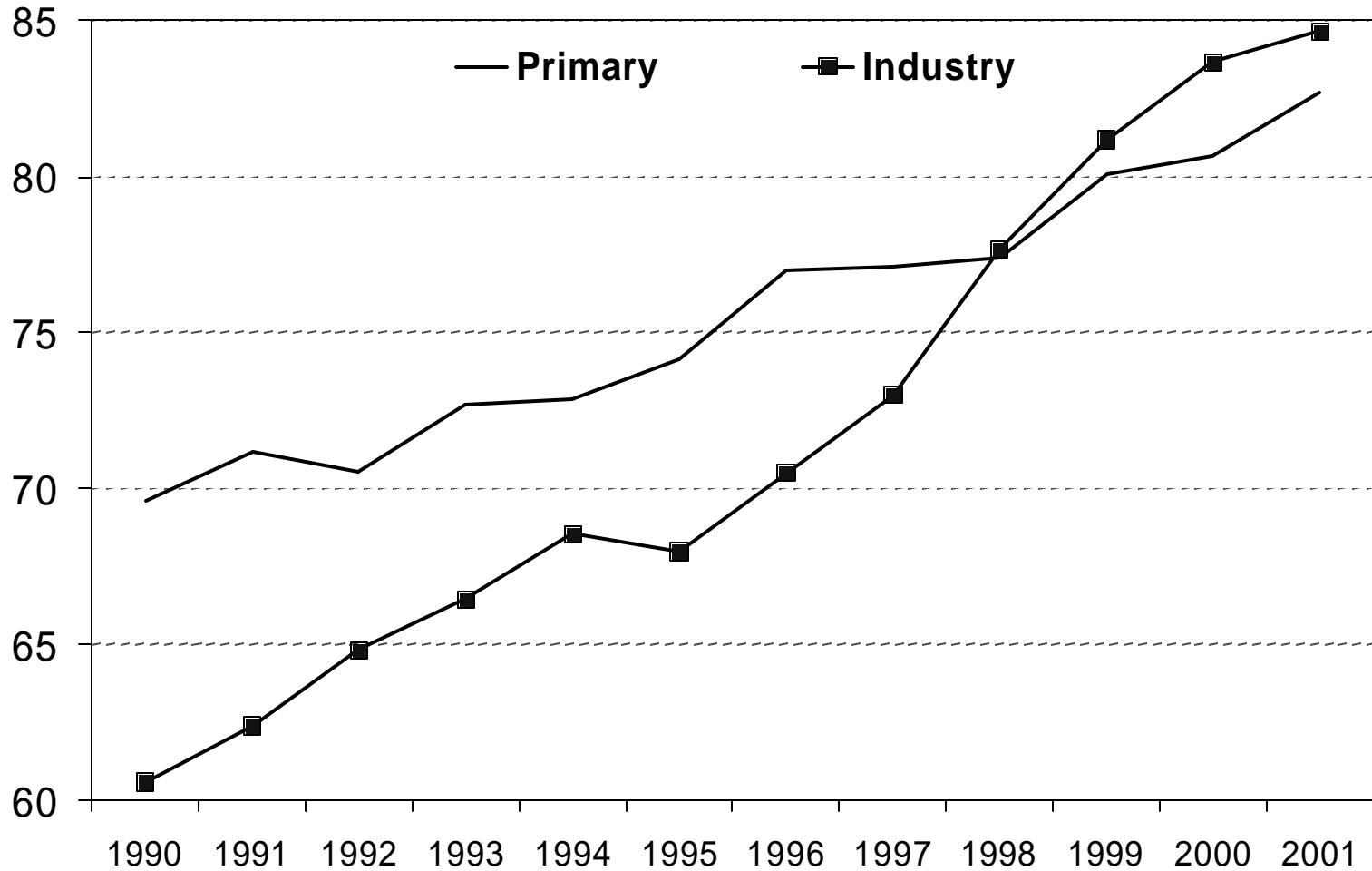
Mexican exports of vegetables

Volume (Tons) and Value (thousand dollars)



Evolution of primary production value versus industry value*

Thousand million Pesos (constant value 1993)

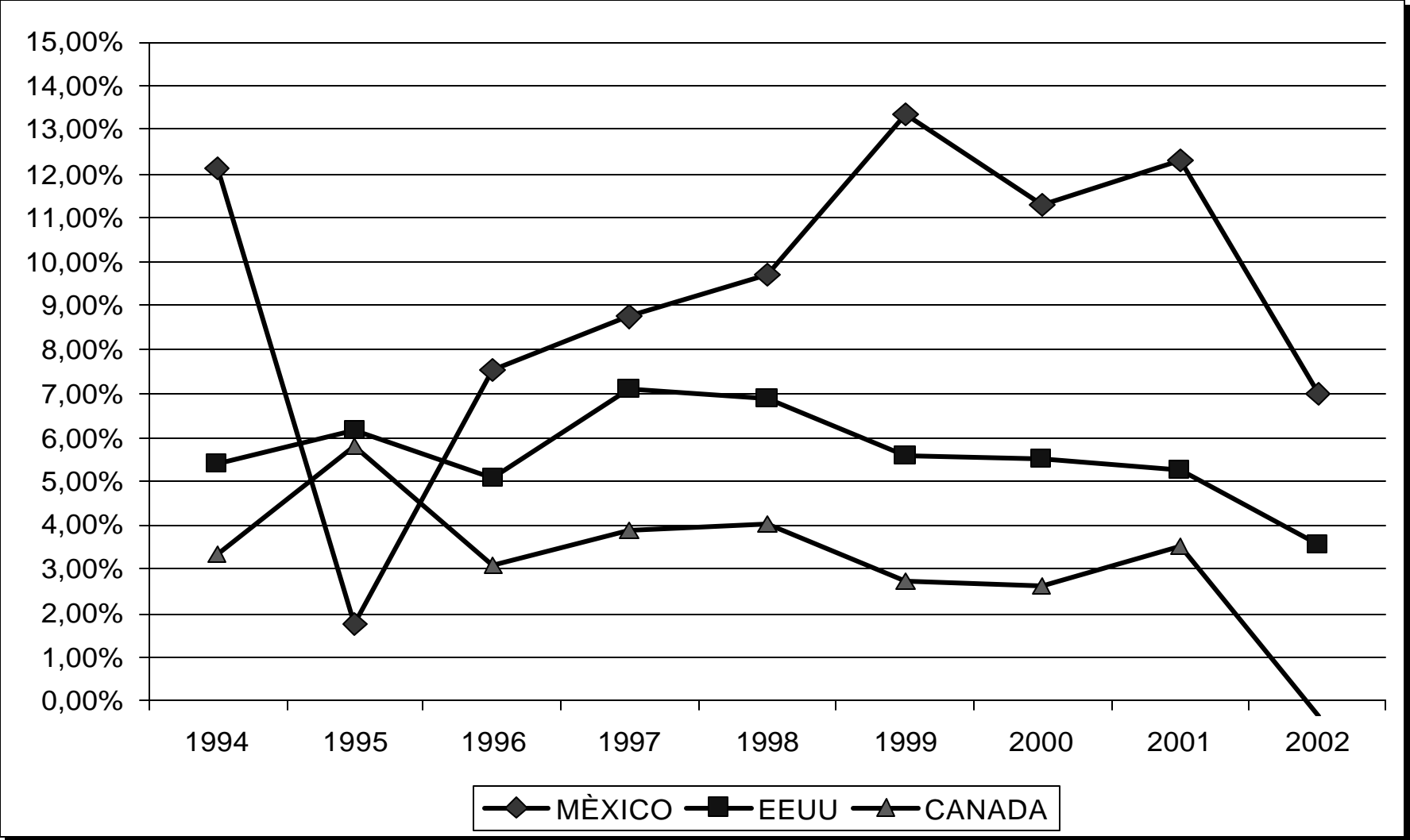


• Food, driks, tobacco and wood industry

INEGI

Profitability and Risks.

Real Interest Rate in Agriculture Sector



From: Banco de México, Bank of Canada and Economic Research Service, USDA.

Probability of Net Profit

Period 1996 – 2002

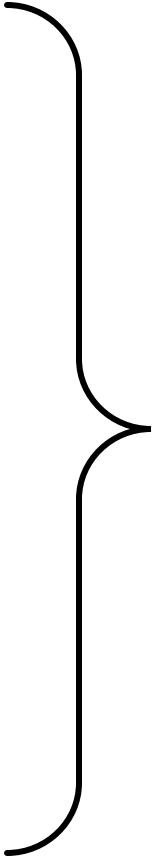
Item	Net Profit (annual mean)	Probability of net profit:			
		Negative	Positive	>4.1% ^{1/}	>8.7% ^{2/}
Promissory note 28 days	- 1.34	59.9	40.1	15.87	3.55
Total Agric.	0.68	48.78	51.22	43.98	36.42
Agriculture	-0.00	50.01	49.99	42.73	35.20
Livestock	-2.93	54.75	45.25	38.93	32.45
Grains	-0.21	50.39	49.61	42.31	34.74
Fruits	2.83	46.55	53.45	48.48	43.15
Industry	3.37	39.67	60.33	47.78	34.56
CETES+2 pp	8.69	9.56	90.44	75.09	50.00

^{1/} Promissory note 28 days mean + standard deviation.

^{2/} (CETES + 2 pp) mean + standard deviation.

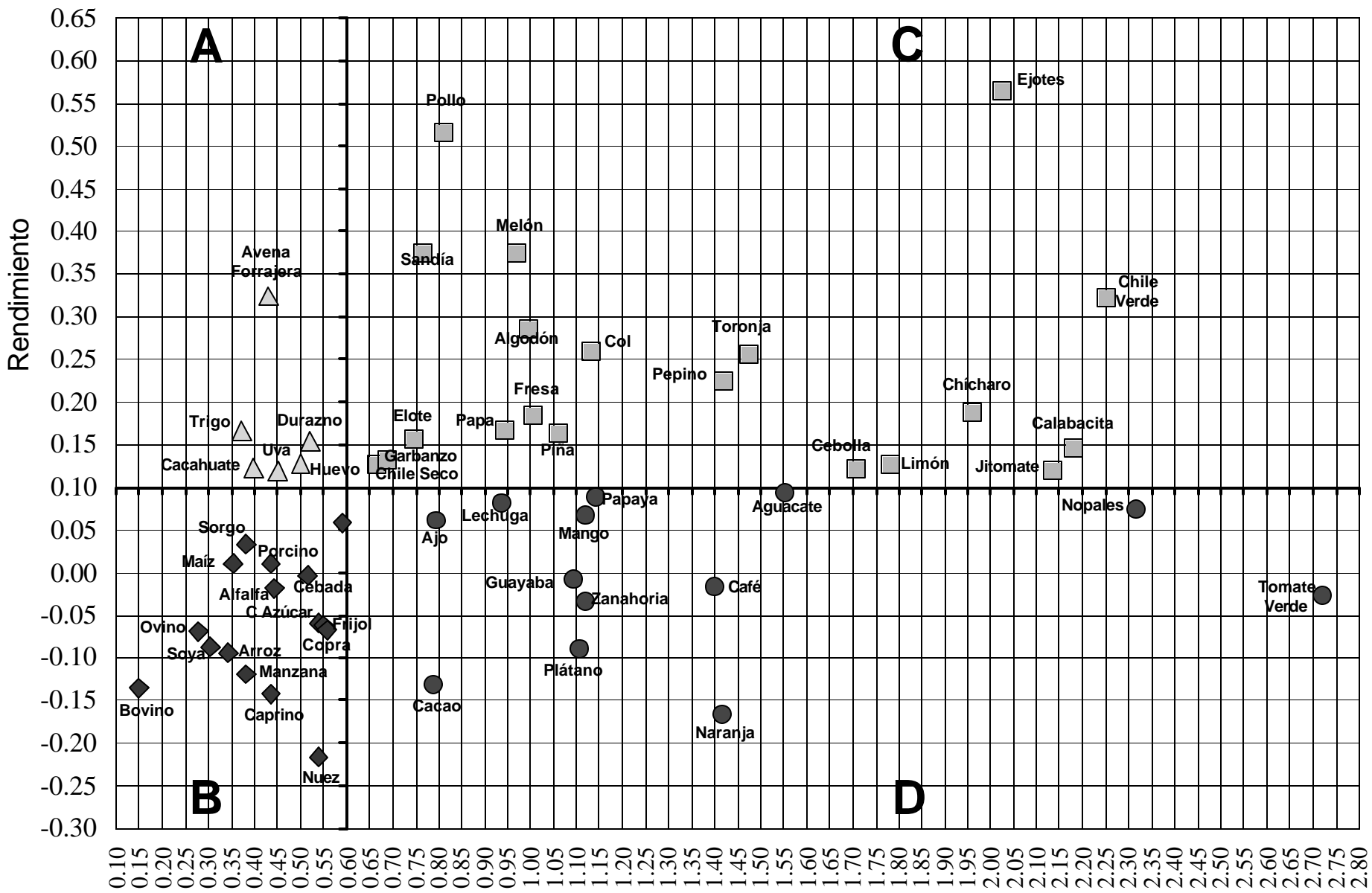
To pay a loan at cetes + 2 it´s required:

Product	Productivity (Plus)
Agriculture	8.70
Livestock	11.95
Grains	8.93
Fruit	5.72
Vegetables	6.76
Sugar cane	14.22
Lumber	3.05
Fishery	2.11



**Depending
on which
Commodity**

Rendimiento y Riesgo en el Sector Agropecuario 1994 - 2002



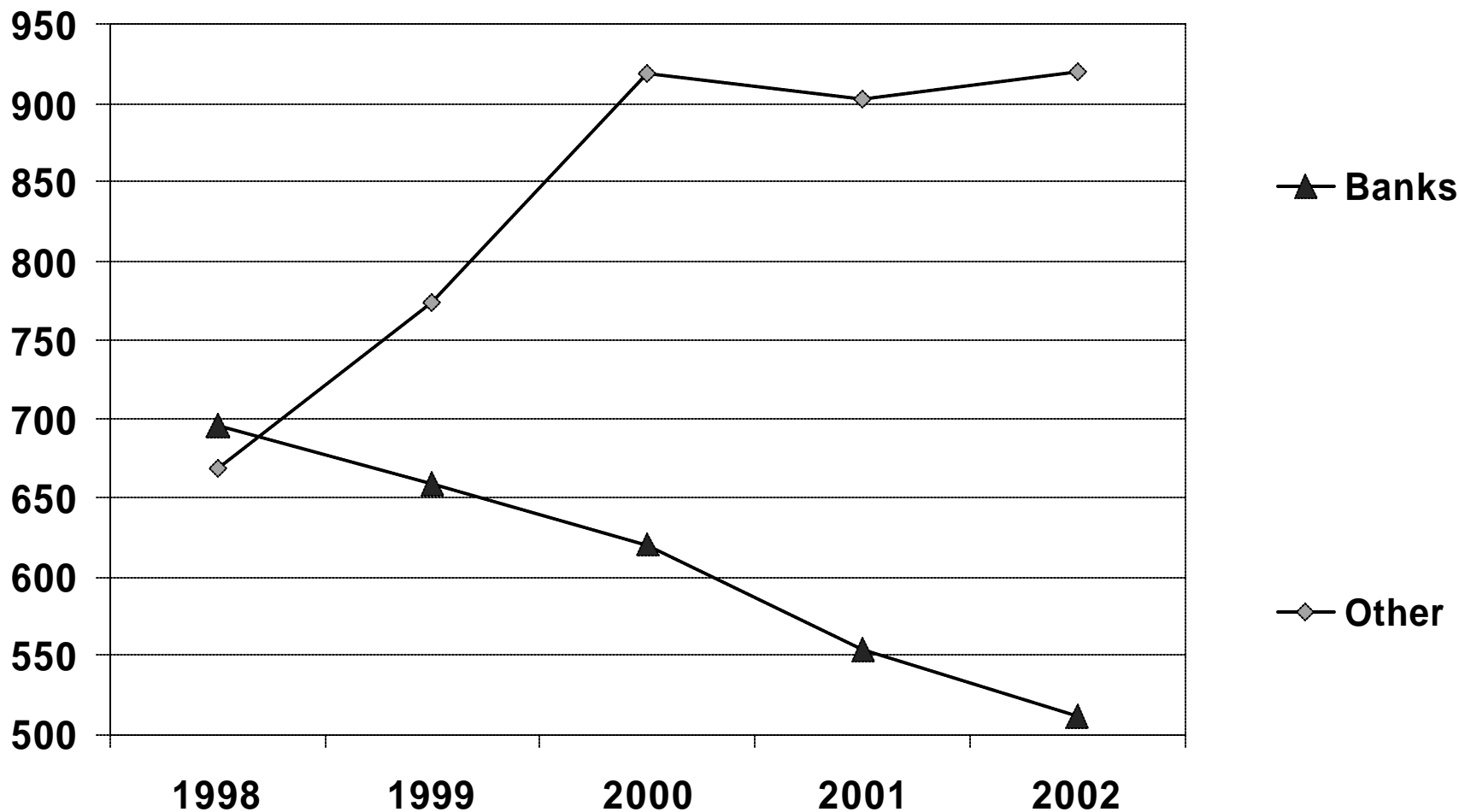
Fuente: Elaborado con información de Banxico. Precios

Riesgo

Lending

Bank lending and other alternatives of credit for Mexican Primary Sector.

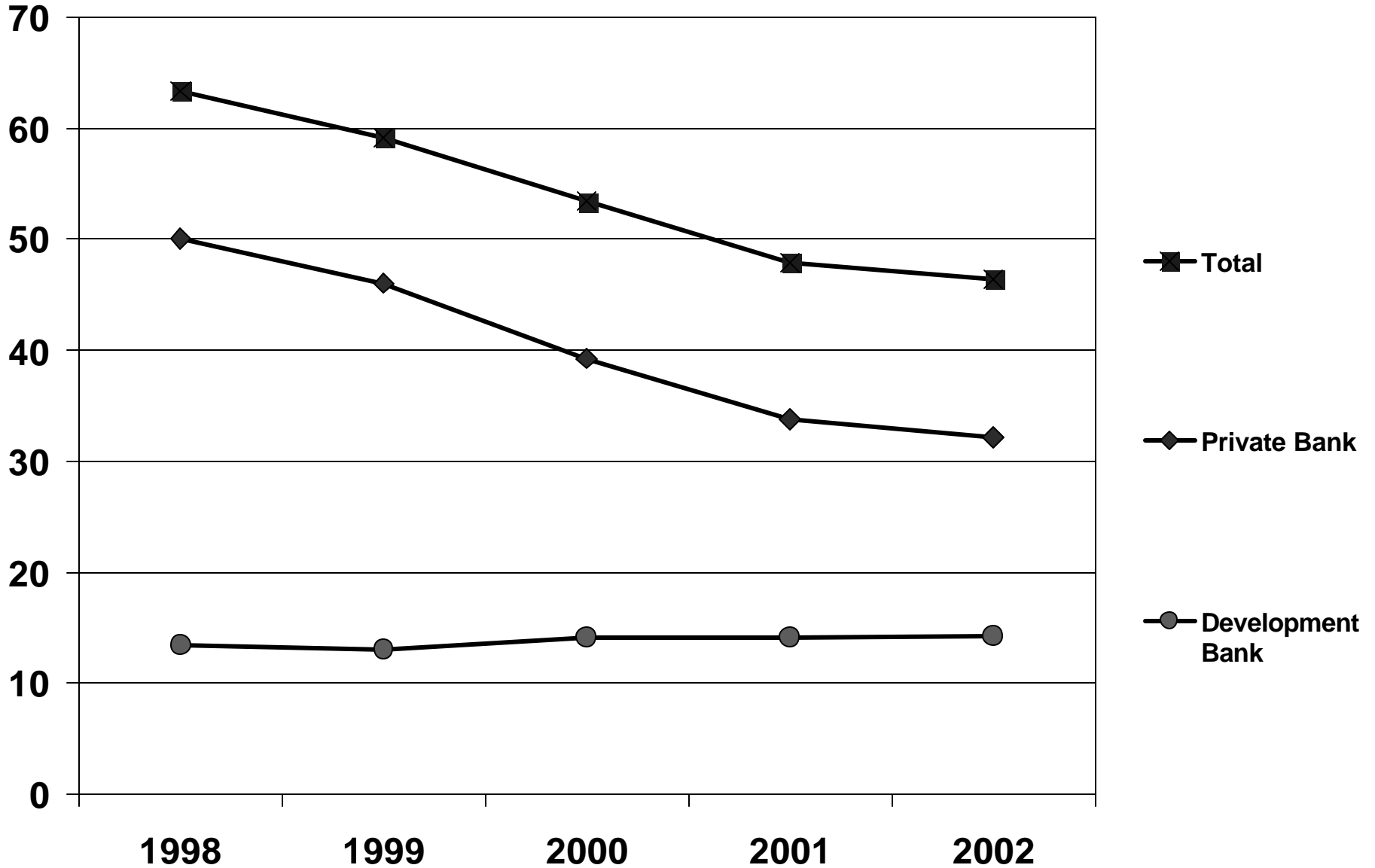
(Credit balance in billions of mexican pesos at the last day of each year)



*Non Bank Financial Institutions, Financial lease, liabilities with national and international suppliers, promissory notes

Loans Granted to the Mexican Agriculture Sector*

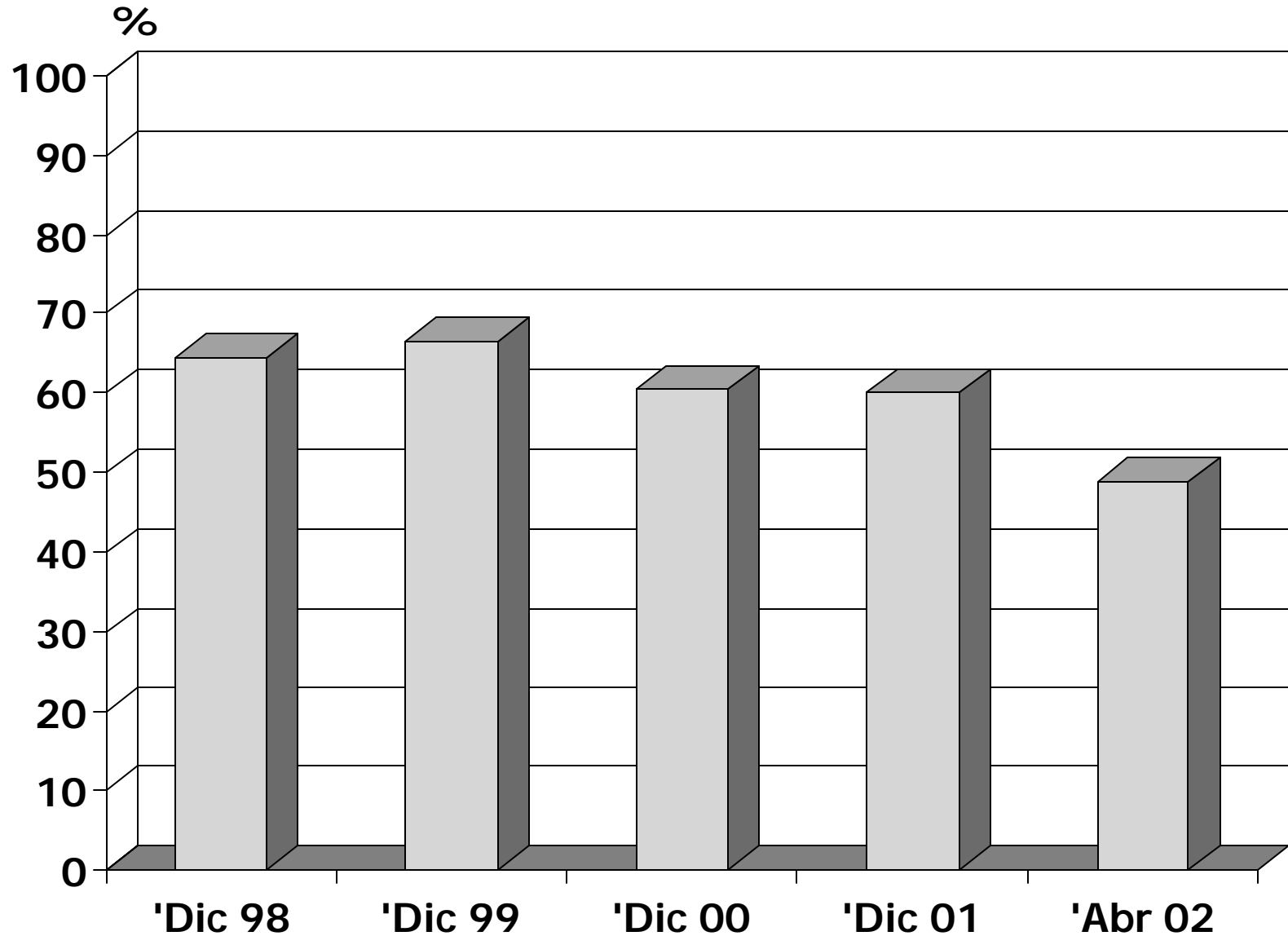
(Credit balance in billions of mexican pesos at the last day of each year)



*Agriculture, Livestock, Forestry and Fishery

From: Banco de México

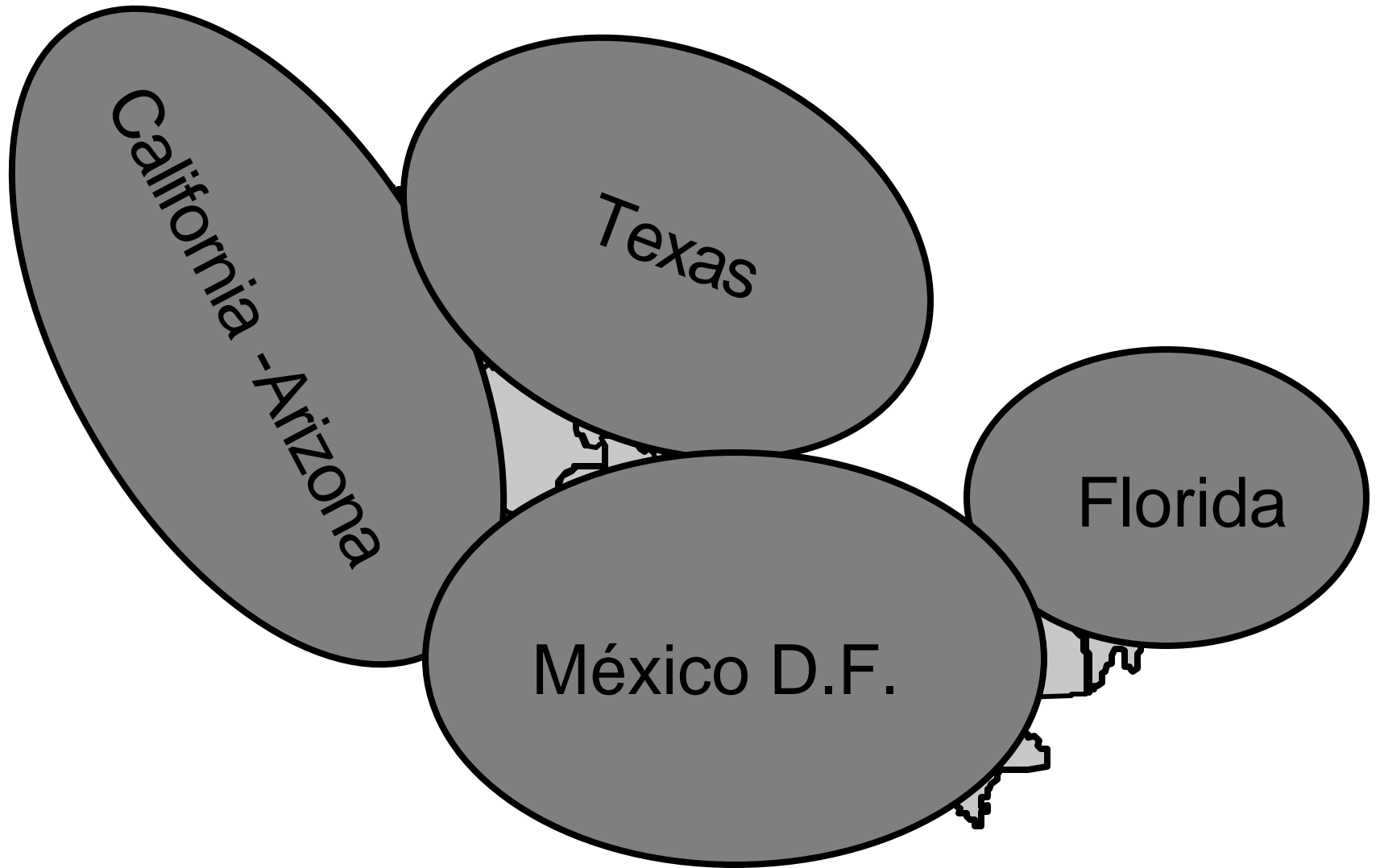
Mexican Agriculture Sector *: Default portfolio / Total of Mexican Banks.



* Agriculture, Livestock, Forestry and Fishery
From: Banco de México

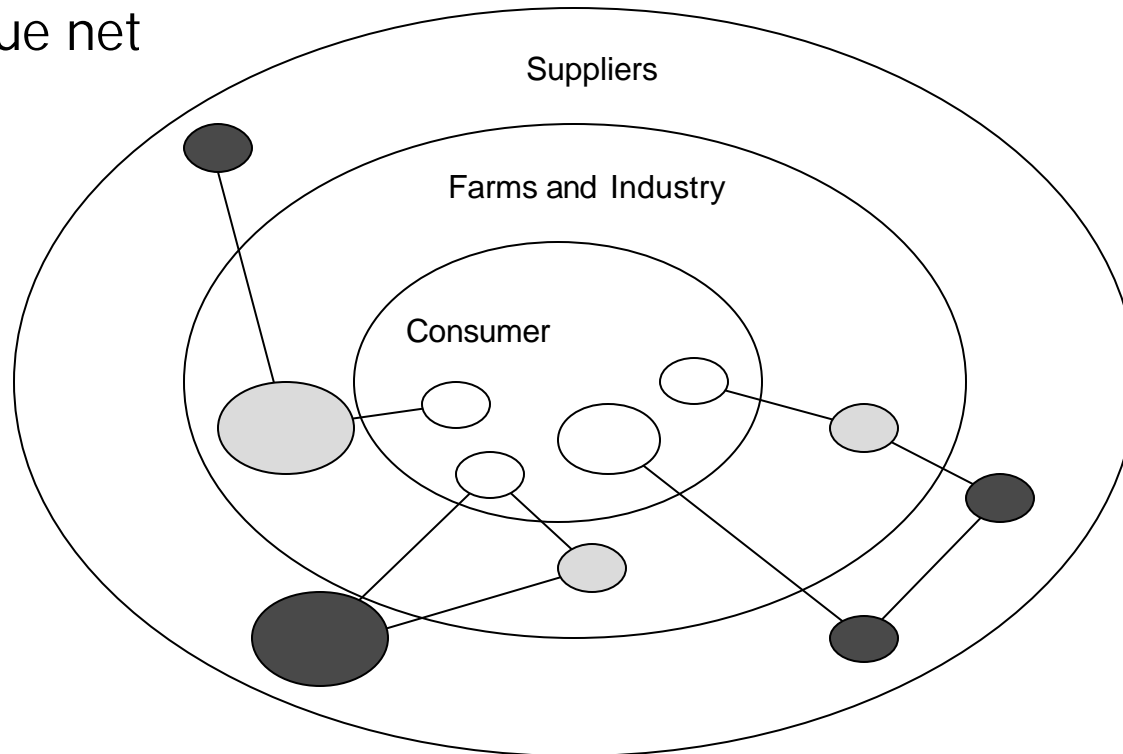
Strategy

New economic order



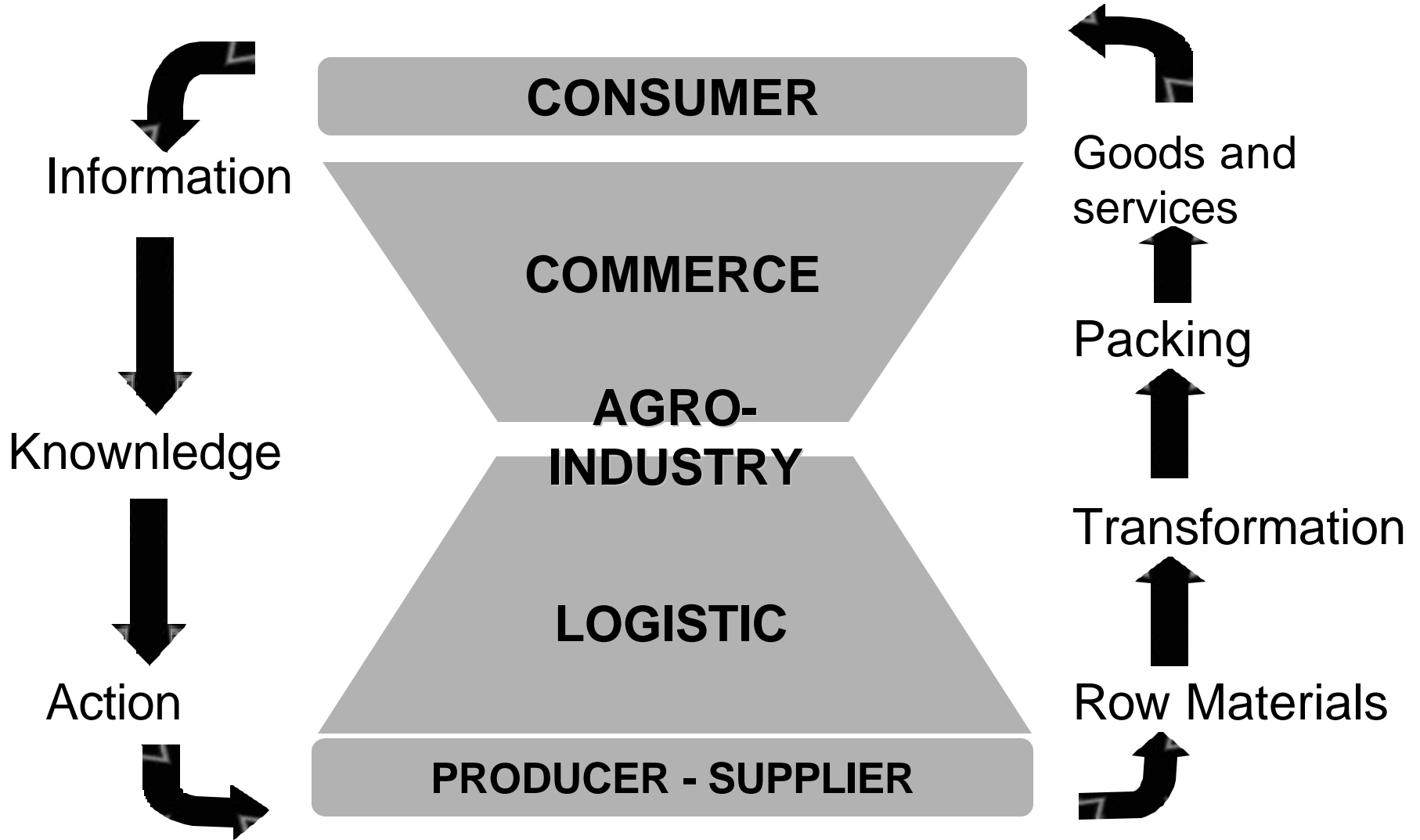
Changing from Production Chain to Value Net: Net: from farmer to industry supplier

The new value net



From: Bovet, David y Joseph, Martha. **Value Nets**. *Breaking the Supply Chain to Unlock Hidden Profits*. Wiley, 2000.

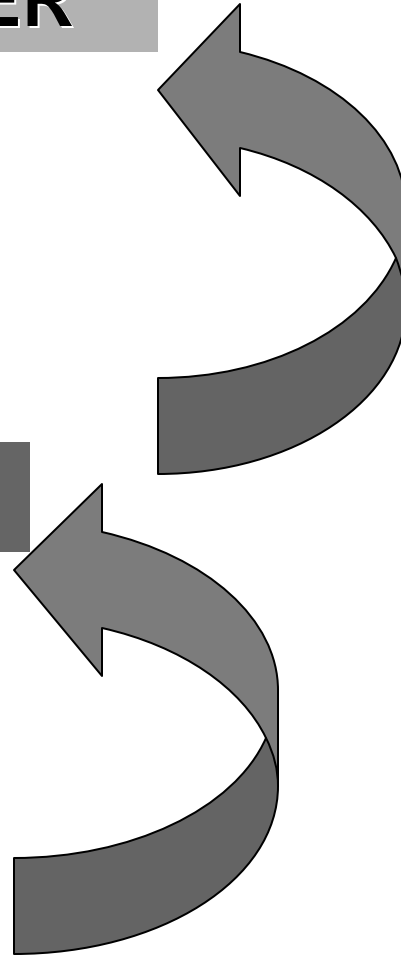
VALUE NET



PARTNER

SUPPLIER

PRODUCER



Drive Demand



- Study of Value Chains.
- Technological Advicing.
- Training.
- Technological transference



Technological Promotion

Strengthen
the
development
of rural
markets

Fortify Credit Supply



- Financing Instruments and Services
- Promotion
- Guarantees.



Financing Promotion



Thanks

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