Financing the Agriculture Sector in Mèxico.
Structural Problems and Trends in the Mexican Agriculture Sector:
Rural Family Income

% Structure

Trade balance of agriculture

![Graph showing trade balance of agriculture from 1994 to 2002 for different sectors: Granos, Hortalizas, Frutas, Industria, Otros. The graph displays the balance for each year, with a significant increase in 2002 compared to 1994.]
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, drinks, 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Net Profit (annual mean)</th>
<th>Probability of net profit:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Negative</td>
<td>Positive</td>
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<tr>
<td>Promissory note 28 days</td>
<td>-1.34</td>
<td>59.9</td>
<td>40.1</td>
</tr>
<tr>
<td>Total Agric.</td>
<td>0.68</td>
<td>48.78</td>
<td>51.22</td>
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<tr>
<td>Agriculture</td>
<td>-0.00</td>
<td>50.01</td>
<td>49.99</td>
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<tr>
<td>Livestock</td>
<td>-2.93</td>
<td>54.75</td>
<td>45.25</td>
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<tr>
<td>Grains</td>
<td>-0.21</td>
<td>50.39</td>
<td>49.61</td>
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<tr>
<td>Fruits</td>
<td>2.83</td>
<td>46.55</td>
<td>53.45</td>
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<tr>
<td>Industry</td>
<td>3.37</td>
<td>39.67</td>
<td>60.33</td>
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<tr>
<td>CETES+2 pp</td>
<td>8.69</td>
<td>9.56</td>
<td>90.44</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Product</th>
<th>Productivity (Plus)</th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>8.70</td>
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<td>Livestock</td>
<td>11.95</td>
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<tr>
<td>Grains</td>
<td>8.93</td>
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<tr>
<td>Fruit</td>
<td>5.72</td>
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<td>Vegetables</td>
<td>6.76</td>
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<td>Sugar cane</td>
<td>14.22</td>
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<tr>
<td>Lumber</td>
<td>3.05</td>
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<td>Fishery</td>
<td>2.11</td>
</tr>
</tbody>
</table>

Depending on which Commodity
Rendimiento y Riesgo en el Sector Agropecuario
1994 - 2002

Rendimiento

Fuente: Elaborado con información de Banxico. Precios
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

From: Banco de México
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

California - Arizona

Texas

México D.F.

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

The new value net

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

**Drive Demand**

- Fortify Credit Supply
  - Financing Instruments and Services
  - Promotion
  - Guarantees.

**Strengthen the development of rural markets**

**Technological Promotion**
Thanks

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