

Voluntary Report – Voluntary - Public Distribution

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Report Name: Mexico's 2022 Budget Increases Agriculture Allocation -
Mostly for Small Farmers

Country: Mexico

Post: Mexico City

Report Category: Policy and Program Announcements, National Plan, Agricultural Situation

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Report Highlights:

On November 10, 2021, the Mexican legislature approved the 2022 federal government budget, allocating roughly US \$2.7 billion to the Secretariat of Agriculture and Rural Development (SADER), an increase of 13 percent over SADER's 2021 budget. Approximately 70 percent of the increase is for fertilizer subsidies (+172 percent) and government milk purchases (+ 85 percent), two of President Lopez Obrador's priority programs. SADER's 2022 budget allocation reflects the current administration's focus on improving the livelihoods of small producers in Mexico's southern and central regions rather than providing support to large-scale producers.

On November 10, 2021, the Mexican Lower House approved the federal government budget for the 2022 fiscal year (January – December). The final budget contains minimal changes compared to the [Project](#) budget, which the Secretariat of Finance submitted to the legislature on September 8, 2021. The 2022 budget allocation for the Secretariat of Agriculture and Rural Development (SADER) is 55.789 billion pesos (roughly US \$2.7 billion), an increase of about 6.5 billion pesos (around US \$314 million), or 13 percent, over the secretariat’s 2021 budget. Approximately 70 percent of the increase is for programs to support fertilizer subsidies (+172 percent) and the milk purchase program (+ 85 percent), two priorities of the current administration (see [Grain and Feed Annual MX2021-0014](#)).

SADER 2022 BUDGET ALOCATION BY PROGRAM (Million USD)			
Program	2021	2022	Percentage Change
Wellbeing Production Program	653.1	677.6	3.8
Guarentee Prices for Basic Food Products	530.3	550.2	3.8
Administrative Expenses	317.9	331.3	4.2
Education and Investigation	310.4	320.4	3.2
Agrifood Health and Safety Program	155.9	161.78	3.8
Rural Supply Program by DICONSA	103.8	107.7	3.8
Fertilizers	92.5	251.6	172.0
Milk Acquisition Program	85.5	158.1	84.9
Program for the Promotion of Agriculture, Livestock, Fishing and Aquaculture	74.8	77.7	3.9
Milk Social Supply Program by LICONSA	60	62.3	3.8
TOTAL	2384.2	2698.68	13.2
Source: National Agricultural Council (CNA) with Secretariat of Finance data			

In general, SADER’s 2022 budget allocation reflects President Lopez Obrador’s focus on improving the livelihoods of poor Mexican farmers. The 2022 budget maintains the trend established by the Lopez Obrador administration of shifting resources towards social programs and away from policies that benefit commercial agriculture, with funding directed towards small producers in Mexico’s southern and central regions rather than large-scale producers of high-value agricultural exports. For example, the Agency for Agricultural Commercialization Services and Market Development (ASERCA) saw its funding eliminated in the 2022 budget. ASERCA was responsible for hedging support programs (i.e., the Forward Contract Program) among other services. This policy shift, supported by federal funding decisions, continues to raise concerns in the commercial agriculture sector, which accounts for more than 80 percent of Mexico’s total agricultural output.

The 2022 budget includes a nine percent increase, or 365.7 billion pesos (around US \$17.7 billion), for the Special Concurrent Program (referred to by its Spanish acronym PEC). The PEC budget is distributed among several secretariats and other governmental entities and aims to support the Mexican countryside through eight focus themes: agriculture, administration, competitiveness, education, environment, health, infrastructure, and social programs.

The funding allocation for the Guarantee Prices for Basic Food Products program increased by 3.8 percent under the 2022 budget compared to that of the previous fiscal year. The federal price guarantee program, one of president López Obrador’s signature campaign promises, pledged to ensure incomes for small producers and support self-sufficiency in basic staple foods by establishing guaranteed prices for small producers of corn, bread wheat, dry beans, rice, and milk.

Minor increases in the 2022 budget include the allocation for the Agri-food Health and Safety program (+ 3.8 percent) and the National Health, Safety, and Food Quality Agency (SENASICA) (+ 2 percent). In addition, the Liconsa and Diconsa programs, which provide subsidized milk products and a basket of basic commodities to poor families, respectively, each received a budget increases of 3.8 percent.

Attachments:

No Attachments.