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Report Highlights:

- **WAL-MART MEXICO TO EXPAND INTO RURAL AREAS**
- **FAS/FCS WEBEX ON ISPM-15 (WOOD PACKAGING MATERIALS) IMPLEMENTATION**
- **MEXICO SENDS 45-TRUCK CONVOY OF HUMANITARIAN AID TO KATRINA VICTIMS**
- **KELLOGG'S TO DIVERSIFY SELECTION IN MEXICO**

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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WAL-MART MEXICO TO EXPAND INTO RURAL AREAS

Wal-Mart Mexico announced that it would focus its new store construction on smaller Mexican cities, emphasizing smaller store formats. The smaller store formats will be within the traditional Wal-Mart Supercenter and Bodega Aurrera formats. For example, the most recently opened Wal-Mart Supercenter covers 6,500 square meters instead of the normal 9,000 square meters. Supermarket competition in Mexico continues between Wal-Mart, with over half of Mexican supermarket sales, and Soriana, Comercial Mexicana and, to a lesser degree, Gigante. In addition, HEB, a Texas-based supermarket chain with a strong presence in northern Mexico, announced this week that it will expand into the central Mexican states of Aquascalientes and Guanajuato in 2006. (*Reuters America Latina, 9/9/05*)

FAS/FCS WEBEX ON ISPM-15 (WOOD PACKAGING MATERIALS) IMPLEMENTATION - On Tuesday, September 6, USDA's Foreign Agricultural Service and the Department of Commerce's Foreign Commercial Service joined together to conduct an Internet-based seminar on the implementation of ISPM-15, an international standard regulating the treatment and certification of wood packaging material in international commerce. This regulation is scheduled to be implemented by Canada, the United States and Mexico on September 16, 2005. Company representatives comprising a broad spectrum of U.S. industries from logistics, manufacturing, distribution, and exporting called into a toll-free number to hear the presenters and viewed a power point presentation transmitted via the Internet. There was a question and answer session following the presentation. (*ATO Monterrey*)

MEXICO SENDS 45-TRUCK CONVOY OF HUMANITARIAN AID TO KATRINA VICTIMS – On September 8, a 45-Truck convoy of humanitarian aid from Mexico crossed the border at Colombia, N.L. Among the products donated by the GOM, were many food products including beans, sugar, cooking oil, rice, wheat flour, sardines, tuna, and other products. The humanitarian gesture was recorded by up to 50 different Mexican news organizations that were present at the border crossing. Once across, the convoy proceeded to the U.S. Customs inspection facility where it was met by inspectors from CBP, FDA and FSIS. FAS/Mexico City, ATO Monterrey, FSIS/W and APHIS/W collaborated together to facilitate a smooth crossing of the convoy. (*ATO Monterrey*)

KELLOGG'S TO DIVERSIFY SELECTION IN MEXICO

Kellogg's aims to significantly increase breakfast cereal consumption in Mexico, which, it claims, is the lowest per capita in the world at 1.4 kilograms annually. Its strategy concentrates on introducing limited offer items - products that will be on the shelves for only a few months - aimed at the adult consumer who is looking for healthy foods. The latest cereal brand Kellogg's has introduced, "Go", is aimed at consumers in the 30-45 year-old age group. In addition to expanding supermarket sales, Kellogg's has a sales force dedicated to the small retailer as well as consumers in small-medium size cities. Of the three market segments in which Kellogg's participates in Mexico - cereal bars, children's breakfast cereal, and adult breakfast cereal - the former is the fastest growing, enjoying double digit growth, with women the primary consumers. (*El Financiero*, 6/9/05).

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX5079	Apple Annual	9/07/05
MX5078	Weekly Highlights and Hot Bites, Issue #29	9/02/05
MX5077	Livestock Annual	9/01/05
MX5076	Weekly Highlights and Hot Bites, Issue #28	8/29/05
MX5075	Mexican Customs Establishes Grace Period for Correcting Errors in Import and Export	8/29/05
MX5074	Mexico Announces Tariffs in Response to Bryd Amendment	8/22/05
MX5073	Implementation of Secretariat of Health Regulations Governing Certain Segments of the Meat Industry	8/19/05
MX5072	Weekly Highlights and Hot Bites, Issue #27	8/19/05
MX5071	Mexico Announces a Unilateral Soybean Meal TRQ	8/19/05
MX5070	Mexico Establishes 2005 Additional Volume on Out-of-Quota Milk Powder Imports	8/17/05
MX5069	Ciudad Reynosa Now Eligible as a Border Crossing Point For CLQs & Bovine Edible Offal Products	8/12/05
MX5068	Weekly Highlights and Hot Bites, Issue #26	8/12/05
MX5067	Tree Nut Annual Report	8/10/05
MX5066	Weekly Highlights and Hot Bites, Issue #25	8/05/05
MX5065	Final Decision in the Antidumping Case Against U.S. Inedible Soy Oil	8/04/05

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