

Mexican farmers replace tequila plant with corn

Ethanol demand has doubled corn prices, making it more profitable than agave.

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TEQUILA, MEXICO - — Martha Venegas Trujillo stands in the center of the town square of Tequila, the heart of a plan to connect distilleries, archeological sites, craftsmakers, and restaurants via a route called the "Tequila Trail."

Her eyes shine. A highlight of the project she is coordinating, modeled after similar tourist circuits such as California's Napa Valley, are the miles and miles spent driving past the blue-hued agave fields that blanket the state of Jalisco.

But imagine if those fields, which were named a UNESCO World Heritage site last year, looked more like the American Great Plains, fringed instead by towering stalks of corn.

Far-fetched, Ms. Venegas Trujillo and her colleagues at the Tequila Regulatory Council say. Still, about one-quarter of those who grow agave, which is used in the production of tequila, are expected to burn their fields to make way for corn, as prices have nearly doubled from what they were a year ago, due to US ethanol demand.

Agave is not the only casualty of the corn-based ethanol craze. Mexican beans, potatoes, rice, and barley have all been mowed over for corn, a crop whose origins reside in ancient Mexican lore but has long been associated with poverty: corn farmers who can't compete and head north, Mexicans who can afford nothing but.

"There is a lot of enthusiasm for corn across the country," says Carlos Salazar, secretary general of the National Confederation of Mexican Corn Growers. Prices are up 80 percent, from 2006 to 2007. By the end of this year, he says, 2.5 million more tons of corn will be planted.

In April, Mexico's Congress passed a law for cleaner-burning ethanol to oxygenate gasoline in Mexico City, Monterrey, and Guadalajara.

Salazar says plans for about 10 ethanol plants have surfaced, particularly in the north, but that his group is waiting to see if they are actually built. That's only a fraction of the 110 ethanol refineries in the US, but it has given new hope to Mexico's corn farmers, many of whom had abandoned their fields in recent decades as US subsidies made their yields uncompetitive.

For some it could not come at a better time: under the North American Free Trade Agreement (NAFTA) tariffs for corn and beans will disappear altogether next year. Demand for corn has alleviated some of those concerns.

But it has also pushed up prices for a Mexican food staple. Earlier this year corn tortilla prices doubled in some parts of the country, fueling protests and concerns for the 50 million poor Mexicans who depend on tortillas for the majority of their daily caloric intake.

And what if a national symbol, the agave, were to disappear?

"That is not going to happen," says Ramon Gonzalez Figueroa, director general of the Tequila Regulatory Council in Jalisco. If anything, he says, an overabundance of agave has pulled prices down.

On a recent day Jose Luis Cervante, a local farmer from the Tequila region, cuts the spikes off the agave. There is so much of it, Mr. Cervante says, that a local owner told him he could dig up a plant that was growing beyond his fenced in property, to plant on his own land.

Says Mr. Gonzalez: "Today, we have anything but a scarcity."

So his group is moving forward with plans for the Tequila Trail, a project funded by a multi-million dollar grant from the Inter-American Development Bank.

"This is Mexico," says Venegas Trujillo, picking up a spiky-blue plant from the side of the road. "It's beautiful. It's time we take advantage of this."