

PACKAGE AGAINST INFLATION AND FAMINE (PACIC)

PAQUETE CONTRA LA INFLACIÓN Y LA
CARESTÍA (PACIC)

MAY 4, 2022

(Unofficial Translation)



HACIENDA

SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO



2022 *Ricardo Flores*
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1 Production Strategy

(Increase of food supply)

Production Measurements

1 Stabilization of the price of gasoline and diesel, reference prices of LP gas and electricity
It represents an effort of the Federal Government of 330 thousand million pesos.

2 Grain production increase
Sum of efforts of the "Sowing Life" and "Production for Wellbeing" Programs.

3 Provide fertilizers

- Fertilizers Program for Wellbeing, is expanded from 5 to 9 states.
- Emerging Program for the production of organic fertilizers.

4 Elimination of compensatory quota of ammonium sulfate
Suspend countervailing duties on imports of ammonium sulfate for one year.





2 Distribution Strategy

Distribution Measurements

5 **Strengthening of the road safety strategy**
More than 12,000 elements and 2,300 vehicles will guarantee road safety.

6 **No increase in highway tolls (CAPUFE)**
CAPUFE and FONADIN highways will not increase rates in 2022.

7 **Exemption from the Carta Porte (basic and supplies)**
Until October 1, 2022, if necessary it would be extended for another period.

8 **No increase in railway rates or for interconnection**
Measured for 6 months, applies to transport food, fertilizers and hydrocarbons.





2 Distribution Strategy

Distribution Measurements

9 Reduction in costs and time of customs clearance

- Greater volume of operations in all customs (border, maritime or interior).
- Make customs recognition more expeditious.

10 Agile cargo dispatch in seaports

- Acceleration in preventive dredging and automatic rails.
- 24-hour operation and increase in personnel.





3 Foreign Trade Strategy

Foreign Trade Measures

11 Zero import tariffs (basics and supplies)

- Temporary measure for 6 months.
 - 21 of 24 products of the basic basket and 5 strategic supplies.
-
- **Food:** Corn oil, palay rice, tuna, pork, chicken, beef, onion, jalapeño pepper, beans, egg, toilet soap, tomato, milk, lemon, apple, orange, box bread, potato, pasta for soup, sardine, carrot.
 - **Supplies:** Corn flour, wheat flour, white corn, sorghum, wheat.





4 Other measures

Other measures

12 Constitution of a strategic corn reserve (emergency measure)

Purchase of 800 thousand to 1 million tons of corn with resources from SEGALMEX.

13 Guarantee prices in corn, beans, rice and milk

SEGALMEX will continue to implement the Guarantee Price Program that establishes a minimum purchase price for small producers.

14 Strengthening of the Supply Program (DICONSA /LICONSA).



4 Other measures

Other measures

Private participation in the PACIC

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- Coordination committed to the government for six months, extendable after the impact assessment.
- It is expected that after the presidential announcement, more companies will join this space for dialogue and agreement.

No increase in prices of Telmex and Telcel services

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With this measure announced by Telmex on May 2, it stands in solidarity with helping to reduce the generalized inflationary pressure that is affecting most countries, including Mexico.

Budget to be invested by the Federal Government

Budget programs with contributions to control inflation

(Millions of pesos)

| Concept |
|--|
| A. Food safety |
| Sowing Life |
| Production for Well-being |
| Guarantee Prices for Basic Food Products |
| Fertilizers |
| Milk supply and acquisition |
| Rural Supply Program by Diconsa |
| Program for the Promotion of Agriculture, Livestock, Fisheries and Aquaculture |
| B. Domestic electricity subsidy |
| C. Gasoline subsidy |

Without the IEPS and the additional stimuli, inflation in April 1-Q would have been **10.0%** and not **7.7%** as it turned out.

Contribution of the Federal Government:

14%

of estimated 2022 GDP

Estimated amount.
Source: SHCP



Products of the basic basket (PROFECO)

Proportion in Inflation

- **PROFECO Basket** : **13%** of the General Price Index (INPC).
- **Energy**: **10%** of the INPC.
- **Government authorized rates** : **4%** of the INPC.
- **Total proportion**: **27%** of the INPC.

PROFECO basket represents

46%

in food inflation

| No | Product | Unit* |
|----|--------------------|--------------------|
| 1 | Canola or corn oil | 1 piece of 946 ml |
| 2 | Grain rice | 1 kg |
| 3 | Canned tuna | 2 cans of 140g |
| 4 | Brown sugar | 1 kg |
| 5 | Beef steak | 1 kg |
| 6 | Onion | 1 kg |
| 7 | Jalapeño pepper | 1 kg |
| 8 | Pork chop | 1 kg |
| 9 | Beans in grain | 900 g |
| 10 | White chicken egg | 18 pieces |
| 11 | Toilet soap | 1 piece |
| 12 | Saladette tomato | 1 kg |
| 13 | Milk | 5 liters |
| 14 | Lemon | 1 kg |
| 15 | Apple | 1 kg |
| 16 | Orange | 1 kg |
| 17 | Box bread | 1 package of 680g |
| 18 | Potato | 1 kg |
| 19 | Toilet paper | 1 bag of 4 pieces |
| 20 | Pasta for soup | 1 package of 220 g |
| 21 | Whole chicken | 1 kg |
| 22 | Canned sardine | 1 can of 425g |
| 23 | Corn tortilla | 4 kg |
| 24 | Carrot | 1 kg |

From **7.5%** of March inflation:

- **Food** was **3.8 pp.**
- The **PROFECO basket** represented **1.9 pp.**





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