Required Report - public distribution

Date: 9/1/2010

GAIN Report Number: MX0059

Mexico

Poultry and Products Annual

Poultry and Products Annual

Approved By:
Allan P. Mustard

Prepared By:
Zaida San Juan and Daniel R. Williams II

Report Highlights:
Mexican poultry production is forecast to grow 1.5 percent in 2011, a slightly higher increase than that expected for 2010 (1 percent). Better economic indicators and hopes for higher consumption are the principal motor for this recuperation. Imports of U.S poultry products will continue increasing, principally of chicken leg quarters. A solution to the Russian ban and Chinese duties on U.S poultry products, the exclusion of the poultry sector from a possible agreement with Brazil, and resolution of the monopoly investigation of chicken products are matters of principal concern to the Mexican poultry sector. Turkey production will increase in 2011 by 15 percent, reaching the level of 2008.

Executive Summary:

For 2011 the outlook for the Mexican poultry sector is for higher production than in either year since 2008. Mexican economic recovery indicators will be reflected in the poultry sector; broiler meat production is forecast to increase 1.5 percent in 2011, slightly higher than that expected in 2010 (1 percent).

The duties imposed by China on U.S poultry exports and the Russian restrictions on U.S chicken have created pressure to sell U.S poultry products in the northern states of Mexico. Additionally, the government of Mexico (GOM) seeks to negotiate a free trade agreement with Brazil, which could cause serious economic problems for the Mexican poultry sector.

Slow progress in the recognition of areas free of poultry diseases is restricting the National Poultry men's Union (UNA) principal objective of opening new markets. Mexican consumers are looking for healthier, better quality and affordable products, which could give chicken products and eggs the opportunity to increase domestic consumption, principally due to stronger purchasing power.

Note: Data included in this report are not official USDA data. Official USDA data are available at http://www.fas.usda.gov/psdonlineonline

Commodities:

Poultry, Meat, Broiler

Poultry, Meat, Turkey

Production:

Broiler Meat

For 2011, Mexican broiler meat production is forecast to increase more than 1 percent. This forecast increase in production is dependent on continued economic recovery bolstering consumption. As with any year, any increase in Mexican broiler meat production will be affected by international grain prices. Industry sources believe the Mexican economy will recover to 2008 levels; however, Mexican broiler meat production will not surpass 2008 production levels due to the surplus of inexpensive U.S. chicken leg quarters.

For 2010, production is revised approximately 1 percent higher due to a better-than-expected economic recovery.

Broiler production for 2009 is revised down (0.39 percent) due to a stronger-than-expected production decline. According to the National Poultry men´s Union (UNA) a decline of 2.5 percent occurred from 2008 to 2009 due to the economic crisis, lower family incomes, the H1N1 outbreak, and overproduction in 2008.

Turkey Meat

Turkey meat production for 2011 is forecast to increase 15 percent reaching the pre-crisis level due to the continued economic recovery, bolstering consumption. However, Mexican turkey production will continue to be small, representing only 10 percent of total consumption.

Turkey production for 2010 and 2009 is revised lower, reflecting data from UNA. These revisions reveal a larger-than-expected effect on turkey production due to the past economic downturn. According to UNA, last year Bachoco (the largest poultry-producing firm in Mexico) and other producers suspended turkey production due to the effects of the economic crisis. Production capacity will slowly return in the remainder of 2010.

Given the suspension of production in the northern states, the state of Yucatan accounted for 27 percent, compared to 21 percent the year before, of total turkey production. The state of Chihuahua, normally the leading turkey producing state, accounted for only 16 percent out of 2009´s total production. However, this change is not expected to continue in future years.

Mexican Poultry Sector Statistics

In 2009, the Mexican poultry sector contributed the following to the Mexican economy:

- Poultry production generated 1.143 million jobs, of which 190,000 are direct and 952,000 are indirect.
- Poultry production represents 19.8 percent of the gross agricultural product and 0.8 percent of the Mexican gross domestic product.

In 2009, the Mexican poultry production sector represented 63.3 percent (chicken 34 percent, turkey 0.2 percent, and eggs 29.1 percent) of all Mexican livestock production.

The Mexican poultry sector produces the number one meat product, chicken, which is mostly produced within 14 states. Of total poultry production, broiler meat represents 92 percent. Two states are the major turkey producers: Yucatan (27 percent) and Chihuahua (16 percent). Mexican egg production is concentrated (75 percent) in three states: Jalisco, Puebla and Sonora.

Poultry producers continue to be major users of imported feedstuffs from the United States. According to the UNA, feed consumption for 2009 was estimated at 14 million metric tons (MMT), (8.8 MMT of feed grains, 2.7 MMT of oilseed and protein meals, and 2.4 MMT of other raw materials). UNA estimates that feed consumption will grow about 1.43 percent in 2010. Furthermore, broiler meat production consumed 7.6 MMT of feed while turkey production consumed 40,000 MT.

The average Mexican chicken producer's total production cost is 88.7 percent direct and 11.3 percent indirect costs. The main direct costs are feed (66.3 percent) and chicks (9.5 percent).

Industry consolidation is expected to continue. Furthermore, the industry continues to invest in infrastructure despite the economic downturn. More consolidation is taking place in an effort to cope with higher input prices. In 2009, three leading companies accounted for 59 percent of total domestic production of broiler meat. Medium-sized companies have merged into cooperatives and associations, with smaller players becoming contract producers. Despite these efforts, this year medium-sized firms continue to lose market share to large firms.

Table 1. Mexico: Concentration of Chicken Production, 1996 vs. 2009				
	Companies		% Share of Production	
SIZE*	**1996**	**2009**	**1996**	**2009**
Large	2	3	33	59
Medium	27	29	40	37
Small	181	150	27	4

Source: National Poultry men´s Union (UNA)
* GOM classifies a small company as having no more than 100 employees. A medium company has from 100 to 250 employees, and a large company has more than 250 employees

In 2009, there were 22 Federally Inspected Facilities (TIF), one more than last year, and sources report that two more are possibly coming on line that will focus on value-added chicken products. According to UNA data, in 2009, 718 million birds were slaughtered in TIFs, a decline of 6 percent from 2008 (764 million). The states experiencing the decline were Queretaro, Puebla, Nuevo Leon and the area of Comarca Lagunera. In contrast, slaughter increases occurred in the states of Veracruz, Sonora and Yucatan.

Table 2. Mexico: Poultry Slaughter By State, 2009		
State	**Head (millions)**	**% of Total Slaughter**
Jalisco	128.9	18
Comarca Lagunera	87.7	12.2
Queretaro	81.7	11.3
Puebla	65.1	9.1
Sinaloa	76.9	10.7
Yucatan	58	8.1
Nuevo Leon	17.4	2.4
Guanajuato	38.8	5.4
Hidalgo	37.0	5.2
Chiapas	38.5	5.4
Aguascalientes	27.7	3.9
San Luis Potosi	22.6	3.2
Sonora	15	2.1
Nayarit	3.2	0.5
Chihuahua	1	0.1
Veracruz	18	2.6
Total	**764.2**	**100**

Source: National Poultry men´s Union (UNA)

Grow-out period/Genetics

The average bird grow-out period depends largely on where and how the bird will be sold. For live birds and whole chickens (New York dressed), which are commonly sold in street markets, the average grow-out period is 49-56 days. Birds for the RTC broiler market have an average grow-out period of 40-44 days. Those grown for sale in supermarkets (RTC and chicken parts) are typically grown out in 44-49 days. The average daily gain is 36-44 grams per bird. Bird weight when marketed is on average 2.2 kg. The poultry industry reports that the average feed conversion ratio is 2:1.

Genetics are usually sourced from the United States. The main chicken genetics present in the flocks in Mexico are Ross (87 percent) and Cobb (9 percent). The main turkey breeding flocks in Mexico for 2009 used Nicolas. Producers import almost all of the grandparent and parent stock and are also importing fertile eggs for light and heavy breeders.

Consumption:

For 2010, Mexican per-capita consumption of chicken is forecast to maintain the same level as 2009. Turkey will achieve 1.78 kg per capita per year. During 2009, Mexican per-capita consumption of chicken was approximately 25.88 kg, and for turkey 1.44 kg per year, according to UNA data. For the past 10 years, per-capita consumption of chicken has increased 30 percent and of turkey 36 percent. This trend will only be maintained with the introduction of new value-added products with consumer-friendly prices.

<u>Broiler Meat</u>

For 2011, broiler meat consumption is forecast to increase approximately 2 percent, following the same growth as in 2010. Consumption will be supported by economic recovery, the affordability of chicken relative to other meats, increased use in processed food products, and improved product quality.

According to industry sources, in 2009 whole broilers (RTC) accounted for 26 percent of chicken meat consumption, while chickens sold in wet markets and stalls (roasters New York dressed) accounted for 20 percent of the total a 1 percent decline. Live birds represented 29 percent of total broiler meat consumption, an increase of two percent year on year. Broiler meat purchased in supermarkets increased from 12 to 14 percent (broilers and roasters RTC), and chicken cuts fell from 10 to 8 percent of total purchases. Value-added products (nuggets, marinados and cordon blue) account for about 3 percent of total consumption, which is a 1 percent lower than in 2008.

<u>Turkey Meat</u>

Turkey meat consumption for 2011 is forecast to increase 10 percent to 165,000 MT due to recovery of disposable consumer income. However, a larger-than-expected effect on the turkey sector was experienced due to the past economic downturn. Thus, 2010 and 2009 estimates have been revised lower than the previously reported.

<u>Poultry Processed Products</u>

Consumption of processed chicken and turkey products (value added), such as sausage and hams, is also forecast to recover in 2011, due to the recovery of disposable consumer income. For 2011, consumption should return to pre-economic crisis 2008 levels, and will result in an increase of value-added production of approximately 2 percent. The greatest recovery will occur with processed turkey products (patties, nuggets, cold cuts, turkey hams, hot dogs); however, the majority of turkey sales will occur during the Christmas season (75 -80 percent) sold as uncooked whole turkeys, of which the majority are imported.

Prices:

For the first half of 2010, broiler prices have recovered compared to the depressed prices seen in 2009. From April to June 2009, oversupply and the H1N1 flu outbreak contributed to a decline of the broiler prices. During the second half of 2009, depressed international broiler prices contributed to lower domestic prices (see tables 3 and 4). Furthermore, the price of chicken leg quarters (CLQs) for the first half of 2010 was down when compared to the same period of 2009 due to high international supplies.

Table 3. Mexico: Mexico City Broiler* Wet Market Monthly Prices, 2006-2010 Pesos/kilogram

Month	2006	2007	2008	2009	2010	% Change 09/10
January	23.04	27.00	19.05	22.14	23.20	4.79
February	22.50	24.50	20.08	22.65	23.72	4.72
March	22.73	21.00	22.38	23.20	23.88	2.93
April	19.25	21.22	25.20	22.91	23.08	0.74
May	26.50	22.96	26.79	22.72	26.60	17.08
June	19.00	26.13	22.39	22.23	25.72	15.70
July	20.33	22.50	22.29	20.27	27.76	36.95
August	20.58	23.91	21.63	18.42	N/A	-
September	21.50	24.86	22.22	17.40	N/A	-
October	21.25	25.67	25.84	15.89	N/A	-
November	20.48	30.06	24.80	16.28	N/A	-
December	23.58	24.42	24.30	17.74	N/A	-
Annual Avg.	**21.73**	**24.52**	**23.08**	**20.15**	**24.85**	**23.33**
* New York dressed (whole chicken including offal)						

Source: National Poultry Union (UNA)

Table 4. Mexico: Mexico City Chicken Leg Quarter Wholesale Monthly Prices, 2006-2010 Pesos/Kilogram

Month	2006	2007	2008	2009	2010	% Change 09/10
January	17.00	21.06	22.05	27.52	24.06	(12.57)
February	17.96	20.61	20.79	27.78	22.67	(18.39)
March	18.91	18.23	20.83	28.42	23.61	(16.92)
April	18.30	19.99	22.22	23.55	23.36	(0.81)
May	20.87	25.07	25.24	26.10	24.98	(4.29)
June	24.66	23.81	25.85	26.90	23.79	(11.56)
July	18.57	23.99	21.83	23.52	N/A	-
August	22.42	24.78	20.26	23.06	N/A	-
September	20.05	23.65	19.26	19.20	N/A	-
October	20.00	20.50	20.85	17.39	N/A	-
November	21.66	23.79	23.79	21.58	N/A	-
December	24.50	24.46	26.29	23.41	N/A	-
Annual Avg.	**20.41**	**22.49**	**22.43**	**24.04**	**23.74**	**(1.25)**

Source: National Information Market Service, (SNIIM)
2006 Exchange Rate Avg.: U.S. $1.00 = 10.90 pesos
2007 Exchange Rate Avg.: U.S. $1.00 = 10.92 pesos
2008 Exchange Rate Avg.: U.S. $1.00 = 11.15 pesos
2009 Exchange Rate Avg.: U.S. $1.00 = 13.51 pesos

2010 Exchange Rate Avg.: U.S. $1.00 = 12.69 pesos (Jan-July)

Trade:
In 2011, the United States will continue as the main supplier of exports to Mexico, approximately 95 percent of Mexico´s chicken imports and 98 percent of turkey imports. The remainder will be covered by Chile and Canada.

The top two products imported by Mexico are fresh or chilled mechanically deboned chicken meat and CLQs (both chilled and frozen), although imports of poultry products are increasingly diversified. The first product is imported principally by domestic sausage and cold-cut industries and the second is imported to be sold in supermarkets. Large meat processors prefer fresh, refrigerated product, while small and medium processors tend to use frozen product.

During 2009 Mexico imported USD 475.3 million of chicken products, which was 6.6 percent higher than the 2008 level, and USD 258.7 million of turkey products, 25 percent lower than in 2008.

On the other hand, in 2009 Mexico exported USD16.6 million dollars of chicken to the world. Main destinations were United States, Vietnam and Congo. Only 150 tons (USD 342,000) of turkey products, principally processed meat (HS code: 160231), was exported, all to the United States.

Broiler Meat
For 2011, imports of chicken cuts, mainly CLQs, and mechanically deboned chicken are forecast to increase approximately 4 percent, principally to cover the increasing demand for raw material in the food processing industry.

In spite of the economic crisis, imports for 2010 are expected to increase approximately 7 percent compared to 2009; however, whole chicken imports are expected to decline. For the time period between January and April 2010, whole chicken imports, both chilled and frozen, declined more than 90 percent principally due to prices. In contrast, imports of chilled CLQs have increased approximately 33 percent compared to the same period during 2009. One hundred percent of these imports have originated from the United States and are forecast to continue increasing.

Imports of broiler meat for 2010 and 2009 were revised down based on industry statistics.

The meat processing industry is expected to continue importing raw materials such as mechanically deboned chicken and turkey meat; furthermore, for 2011 greater demand of further processed meat is expected. Nevertheless, from January to May the importation of frozen MDC from the United States fell by 12.6 percent and by 32 percent from Chile.

On July 19, 2010, the Government of Mexico lifted the import ban imposed on poultry and poultry products produced within the Meeker county, Minnesota. Table 5 summarizes some of the regulations currently implemented by the Mexican government for imports of live poultry and poultry meat from the United States.

Table 5. Mexico: Current Import Regulations for Poultry and Poultry Products				
Item	**Raw poultry for retail & for further processing ***	**Fully cooked poultry meat and egg products**	**Table, SPF** and hatching eggs**	**Live birds**
Export Status from All U.S. States **1/**	YES ❺	YES	YES ❶❺	YES ❺
Required Language On Cleaning And Disinfection Of Trucks	YES	NO	YES	YES
Required Sealing Of Trucks At Point Of Origin	NO	NO	NO	YES
Required Language that Product is Fit for Human Consumption and Freely Marketed in the U.S.	YES	NO	❷	❷
Agar Gel or ELISA Test Required	❸	NO	❸	❸
Certification Requirements On Exotic Newcastle Disease ❹	YES	YES	YES	YES

***** MDM and cut exports are only approved to proceed to Federal Inspected Plant (TIF) meat processing facilities authorized by SAGARPA.

****** SPF, Specific Pathogen Free

1/ The exports of poultry products and by-products from the State of Arkansas, that come from birds slaughtered between May 10 and July 14, 2008, remain prohibited.

❶ Boxes of table eggs as well as SPF eggs must show the stamp of the competent authority.
❷ SPF, hatching eggs and live birds should be freely marketed in the United States
❸ When a plant and farm/flock is registered under the National Poultry Improvement Plan (NPIP), the Agar Gel or ELISA test will not be required; otherwise, the tests will be required by SAGARPA.
❹ Exotic Newcastle Disease statement for meat, meat products and by-products: “That the product comes from flocks that have a monitoring program of 70 birds that began after 12 days of age, using viral isolation tests and identification of velogenic strains through a test that indicates intracerebral pathogenicity in chicks of one day of age and that is carried out for each lot that is delivered for slaughter, obtaining negative results for Velogenic Newcastle disease, or that comes from a country free of Velogenic Newcastle Disease.”
❺Imports of live birds, fresh eggs, poultry meat products and by-products chilled and/or frozen are prohibited by the Mexican Government Authorities:
As of March 9, 2009, from Edmonson County, Kentucky
As of April 3, 2009, from Giles County, Tennessee
As of April 10, 2009, from Lincoln County, Tennessee

For additional information regarding poultry meat and egg products exports to Mexico see the FSIS Export Library at http://www.fsis.usda.gov/Regulations_&_Policies/Mexico_Requirements/index.asp (Export Requirements for meat and poultry products).

The Mexican phyto-zoo-sanitary requirement sheets (HRZ’s) for each kind of imported product to Mexico are available at http://148.245.191.4/zooweb/inicio.aspx

Source: SAGARPA/SENASICA/Animal Health Directorate.

In 2011 Mexican chicken meat exports are expected to increase 20 percent as a result of approval having been given to certain establishments to export to foreign countries, including the United States. At the end of 2010 the Government of Mexico is expected to list a second plant as eligible to export to Japan.

According to UNA, during 2010 Mexico started exporting chicken feet to Asia, chicken breast and boneless CLQs to Japan, and powered egg to Africa. PS&D export figure does not include exports of chicken sausage (HS code 16011001) which is estimated at 4 thousand metric tons (TMT) for 2010.

Total exports of chicken meat for 2010 and 2009 remain unchanged. However, for 2010 exports of chicken whole and parts were revised up and down respectively, based on industry statistics.

Turkey Meat

After the economic crisis that reduced the consumption of turkey products, turkey meat imports are forecast in 2011 to increase approximately 10 percent due to recovery of consumer purchasing power.

From January to May 2010 import of sausages (turkey and chicken under HS code: 16010001) increased 5.6 percent compared to the same period in 2009, and almost returned to the level of 2008. Ninety seven percent of these imports come from the United States, confirming that U.S value added turkey products presence are back in Mexico as the economy strengthens.

For 2010 and 2009 turkey meat imports were revised lower due to a larger-than-expected effect on the turkey sector by the economic downturn. In 2009 and 2010 a larger-than-expected consumption reduction was registered owing to the international economic crisis, the peso devaluation, and H1N1 outbreak which in turn led to a reduction in imports.

From January to May 2010, turkey meat imports were 68 percent fresh parts, 21 percent frozen parts, 5 percent whole, and 5 mechanically deboned meat. The United States provided 99 percent of these imports, higher than in 2009 (96 percent).

Even though turkey imports cover 90 percent of consumption, from January to April imports to Mexico declined approximately 3.5 percent in total. Imports from Chile declined in 81 percent.

Although Mexican turkey exports are small (350-360 metric tons expected for 2010), from January to April 2010 Mexican turkey exports increased almost 160 percent over the same period of 2009, principally further processed meat (HS code 1602.3101) to the United States (99 percent) and to Guatemala (1 percent).

Policy:

Brazil Free Trade Agreement

The Mexican and Brazilian presidents stated their intention to sign a free trade agreement. However, the Mexican poultry industry strongly opposes a free trade agreement (FTA) between Mexico and Brazil. The poultry industry perceives this proposed FTA as a threat and is lobbying against it. According to UNA, the Mexican poultry industry will be unable to compete against Brazil due to limited availability of feed grains and commercial credit in Mexico. Moreover, the Mexican poultry producers would face limited market access in Brazil due to high sanitary barriers for imported poultry products.

NOM-051

The GOM (Secretariat of Economy) published on April 5, 2010, a new version of Mexican regulation NOM-051-SCFI/SSA1-2010, "General labelling and sanitary specifications for pre-packaged food and non-alcoholic beverages". *(Spanish: Norma Oficial Mexicana NOM-051-SCFI-1994 Especificaciones generales de etiquetado para alimentos y bebidas no alcohólicas preenvasados)* or NOM-051.

The new NOM-051 includes several changes in labeling. All pre-packaged food products and non-alcoholic beverages for retail sale directly to consumers are required to comply with NOM-051(including imported poultry meat). Thus, it is important that all U.S companies exporting to Mexico be aware of these changes and make appropriate modifications to the labels of their products. The new regulation will come into effect on January 1, 2011.

Principal changes to NOM-051 may be found in GAIN MX0505 Mexico Revises Food Labeling Regulations.

Trusty Importer Program and inspection of combos

SAGARPA continues developing a plan of modernization of import inspection procedure. As part of this plan the UCON (trusted importer program) is being implemented. Through this program, import inspection will occur in the TIF establishment where the imported meat will be processed. According to SENASICA, the UCON program may reduce inspection at the border by 48 percent, since that is the volume of meat imported by TIF facilities (additional information about UCON can be found in MX0506 Mexico Announces Reliable Importer Program for Meat and Poultry).

A subsequent step of the plan is expected involving the procedure for inspecting meat shipped in combo bins. SENASICA officially advised the border inspection points that the combo inspection procedure for meat was postponed indefinitely pending publication in the *Diario Oficial* (Federal Register). This publication will contain a new sampling procedure, which SENASICA is currently drafting, and may be implemented in 2011.

It is possible that this procedure may be similar to the Canadian or U.S system. SENASICA has stated that the plan is part of an effort to harmonize import procedures with those of its NAFTA partners, and it will not seek to reduce the volume of meat trade.

Mexico Disease Status

Domestic producers continue to invest in improving sanitary standards in their flocks as well as in obtaining better technology. Furthermore, new TIF establishment projects are being developed. Finally, both government-and private-sector efforts are focusing on obtaining USDA recognition of disease-free areas within Mexico. USDA recognition will allow Mexico poultry export to reach new markets.

According to the GOM, Mexico has been free of avian Salmonella disease (*S. gallinarum*) since 2009. The current status for avian influenza (AI) and exotic Newcastle disease (END) is as shown below:

<u>**Government actions and support related to the sector**</u>

On June 10, 2010 the Health Secretariat (SALUD) and Educational Secretariat (SEP) sent to the Federal Commission for Better Regulation (COFEMER) the draft of "General Guidelines for the sale and distribution of food and drink to the establishment at the primary schools" (*Lineamientos generales para la venta y distribución de alimentos y bebidas en los planteles de educación básica*). The guidelines objective is to regulate the preparation, distribution and sale of healthful food and drink in primary schools, contributing to reduction of obesity and chronic diseases. This proposal may support consumption of poultry products, principally eggs. The only products that may be negatively affected are sausages and ham; the Mexican Meat Council (Comecarne) is working with other affected sectors and the GOM to clarify the draft, principally to avoid demonizing products, in order to preserve consumer confidence. It is possible that the guidelines will be published this year in the *Diario Oficial* (Federal Register) and be in force in January 2011.

SAGARPA continues working to incorporate COFEMER and private industry comments into the proposed regulation to the Animal Health Law. However, publication of this new regulation may be delayed due to internal debates within SAGARPA over how to implement the regulation.
The Mexican government recognizes the U.S National Poultry Improvement Plan (NPIP) as equivalent to regulation NOM-044-ZOO-1995 "National Campaign against Avian Influenza", as amended and implemented on August 14, 2006. All Mexican import requirements for poultry and poultry products are outlined in the Zoosanitary Import Requirement Sheets (HRZ). Currently raw poultry imports are to comply with one of two options regarding avian influenza (AI) testing: a) a negative result on 59 samples to AGID or ELISA tests, or b) that the flock/farm of origin is recorded in the NPIP.

As part of efforts to monitor and control the transportation of poultry products, SENASICA has began to approve third parties for controlling the movement of poultry products between TIF establishments.

Marketing:

<u>**Chicken and Turkey Meat**</u>

UNA promotes consumption, and is using opportunities, such as the "General Guidelines for the sale and distribution of food and drink to the establishment in primary schools" promoted by Secretariat of Health (Salud) and Public Education Secretariat (SEP). These guidelines give UNA the opportunity to recommend poultry product consumption, including the sale of hard-boiled eggs in schools. UNA and USAPEEC have been working on a project since last year to put vending machines with hard-boiled eggs in offices, malls and other public areas.

UNA and USAPEEC are currently promoting the consumption of eggs through an annual media campaign, conferences for training housewives, chefs and general consumers. This campaign will be on line for 3 months and will conclude on “Egg Day” in October. In addition, UNA is working with the National Poultry Institute (NPI) to educate consumers about the benefits of poultry, eggs and poultry products.

Part of the strategy to increase production and promote consumption is a GOM effort to sign sanitary agreements which will allow Mexican chicken exports to enter the Chinese, Singaporean, Taiwanese, and Hong Kong markets (under negotiation for 2 years), to promote chicken and egg consumption as cheap protein sources and as part of the campaign against obesity, and to put in place an export project for training domestic companies in meeting sanitary requirements.

USAPEEC continues collaborating with UNA in different projects to promote poultry products as a protein source that competes with high-carbohydrate and fatty foods.

Poultry companies are the most highly integrated meat sector in Mexico; now almost all companies are on the road to merchandizing of their own products. While larger companies are investing more in producing value added-products under their own brands, medium and smaller companies are investing more in distributing products which are helping them to be more competitive in the domestic market.

USAPEEC, a non-profit, industry-sponsored trade organization dedicated to increasing exports of U.S. poultry and egg food products in all foreign markets, is very active in Mexico. USAPEEC’s Mexico office has actively promoted poultry products in various large retail and food service exhibitions. Along with Mexico’s poultry industry, USAPEEC has promoted the exchange of information and technical expertise between the U.S. and Mexican poultry industries.

The Agricultural Trade Office (ATO) in Mexico will participate in the following trade shows to promote U.S exports: ANTAD (March 2011), Alimentaria (May-Jun 2011) , Expohotel and ABASTUR (21-23 September 2010). For further information direct your questions to:

U.S. Agricultural Trade Office (ATO)
Liverpool # 31
06000 Mexico City
Ph. (52-55) 5140-2614, 5140-2671
Fax (52-55) 5535-8557
Garth Thorburn, Director

An additional bi-annual show offering good opportunities for exporters is:

EXPO CARNES 2011
Meat Industry show and International meeting
Monterrey - México - CINTERMEX
Feb 02-04, 2011
For information contact:

Asociacion Promotora de Exposiciones A.C
52 (81) 8369-6660, 64 and 65
info@expocarnes.com
lsierra@apex.org.mx

Production, Supply and Demand Data Statistics:

PS&D Poultry Meat, Broilers

Poultry, Meat, Broiler (1000 MT) Mexico	Revised 2009			Estimated 2010			Forecast 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Market Year Begin:	Jan 2009			Jan 2010			Jan 2011		
Inventory (Reference)	0	0	0	0	0	0			0
Slaughter (Reference)	0	0	0	0	0	0			0
Beginning Stocks	0	0	0	0	0	0			0
Production	2,789	2,789	2,781	2,792	2,792	2,809			2,850
Whole, Imports	0	11	11	0	11	1			2
Parts, Imports	492	510	481	525	534	525			543
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	0	0	0	0	0	0			0
Total Imports	492	521	492	525	545	526			545
Total Supply	3,281	3,310	3,273	3,317	3,337	3,335			3,395
Whole, Exports	0	2	2	0	2	4			4
Parts, Exports	9	7	7	10	8	6			8
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	0	0	0	0	0	0			0
Total Exports	9	9	9	10	10	10			12
Human Consumption	3,272	3,301	3,264	3,307	3,327	3,325			3,383
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	3,272	3,301	3,264	3,307	3,327	3,325			3,383
Total Use	3,281	3,310	3,273	3,317	3,337	3,335			3,395
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	3,281	3,310	3,273	3,317	3,337	3,335			3,395

PS&D Poultry Meat, Turkey

Poultry, Meat, Turkey (1000 MT) Mexico	Revised 2009			Estimated 2010			Forecast 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Market Year Begin:	Jan 2009			Jan 2010			Jan 2011		
Inventory (Reference)	0	0	0	0	0	0			0
Slaughter (Reference)	0	0	0	0	0	0			0
Beginning Stocks	0	0	0	0	0	0			0
Production	15	15	11	15	15	13			15
Whole, Imports	0	0	0	0	0	0			0
Parts, Imports	170	205	144	190	206	137			150
Intra-EU Imports	0	0	0	0	0	0			0

Other Imports	0	0	0	0	0	0			0
Total Imports	170	205	144	190	206	137			150
Total Supply	185	220	155	205	221	150			165
Whole, Exports	0	0	0	0	0	0			0
Parts, Exports	0	0	0	0	0	0			0
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	0	0	0	0	0	0			0
Total Exports	0	0	0	0	0	0			0
Human Consumption	185	220	155	205	221	150			165
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	185	220	155	205	221	150			165
Total Use	185	220	155	205	221	150			165
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	185	220	155	205	221	150			165

Table 6. Mexico: Quantities of birds and stages of production for 2009

Type of Bird	Heads
Laying Hens in production*	136,846,358
Pullets in grow out	41,053,907
Light Breeding Hens in production	1,005,673
Light Breeding Hens in grow out	368,300
Heavy Breeder Hens in production	9,292,00
Heavy Breeder Hens in grow out	6,242,000
Heavy Progenitor Hens in production	175,514
Heavy Progenitor Hens in grow out	113,249
Broilers (Per cycle)**	263,741,972
Turkeys (Per cycle)	713,888
Total Poultry Flock	**459,552,861**

* It is estimated that there are 34 millions of laying hens of 2nd cycle
** 5.4 cycles per year

Table 7. Mexico: Comparison of Selected Poultry Product Imports (MT)

H.S. Tariff Number	Description & Country of Origin	Jan-May			Comparison (%)	
		2008	2009	2010	2009/08	2010/2009
0105.11.01	Day old chicks, which do not need feeding during transport					
	U.S. & SUBTOTAL (Thousand head)	645	610	778	(5.43)	27.54

0105.11.02	Day old breeding stock, layer-type with selected breed certificate when imports are no more of 18,000 heads in each operation.					
	U.S. & SUBTOTAL (Thousand head)	327	168	223	(48.62)	32.74
0105.11.99	Other					
	U.S. & SUBTOTAL	23	0	19	(100.00)	
0105.12.01	Turkeys Other (Chickens)					
	U.S. & SUBTOTAL (Thousand head)	713	191	186	(73.21)	(2.62)
0207.11.01	Chicken not cut in pieces, fresh or chilled					
	U.S. & SUBTOTAL	3,725	5,394	17	44.81	(99.68)
0207.12.01	Chicken not cut in pieces, frozen					
	U.S. & SUBTOTAL	1,286	2,157	158	67.73	(92.68)
0207.24.01	Turkey, not cut in pieces, fresh or chilled					
	U.S.	1,948	863	1,722	(55.70)	99.54
	CHILE	0	0	0		
	OTHER	0	0	0		
	SUBTOTAL	1,948	863	1,722	(55.70)	99.54
0207.25.01	Turkey, not cut in pieces, frozen					
	U.S. & SUBTOTAL	689	405	360	(41.22)	(11.11)
0207.26.01	Mechanically deboned turkey meat					
	U.S. & SUBTOTAL	5,690	2,501	1,109	(56.05)	(55.66)
0207.26.99	Fresh & chilled turkey parts					
	U.S. & SUBTOTAL	34,136	27,598	30,263	(19.15)	9.66
0207.13.01	Mechanically deboned chicken meat fresh or Chilled					
	U.S. & SUBTOTAL	46,352	53,400	57,288	15.21	7.28
0207.14.01	Mechanically deboned chicken meat frozen					
	U.S.	15,305	11,590	10,131	(24.27)	(12.59)
	CHILE	1,641	3,854	2,632	134.86	(31.71)
	SUBTOTAL	16,946	15,444	12,767	(8.86)	(17.33)
0207.13.99	Fresh & chilled chicken parts					
	U.S. & SUBTOTAL	4,699	3,512	4,567	(25.26)	30.04
0207.14.99	Frozen poultry parts					
	U.S.	4,785	5,106	3,660	6.71	(28.32)
	OTHER	4,647	3,030	1,574	(34.80)	(48.05)
	SUBTOTAL	9,432	8,136	5,234	(13.74)	(35.67)
0207.13.03	Chicken Leg Quarter, Fresh/chilled					
	U.S.	18,160	32,245	42,883	77.56	32.99
	OTHER	0	0			
	SUBTOTAL	18,160	32,245	42,883	77.56	32.99
0207.14.04	Chicken Leg Quarter, Frozen					
	U.S.	32,721	33,300	40,273	1.77	20.94
	OTHER	486	543	67	11.73	(87.66)
	SUBTOTAL	33,207	33,843	40,340	1.92	19.20
0207.27.01	Mechanically deboned turkey meat, frozen					

	U.S.	3,438	1,312	1,053	(61.84)	(19.74)
	OTHER	251	316	120	25.90	(62.03)
	SUBTOTAL	3,689	1,628	1,173	(55.87)	(27.95)
0207.27.99	Frozen turkey parts					
	U.S.	15,385	11,785	9,687	(23.40)	(17.80)
	OTHER	1,379	1,462	223	6.02	(84.75)
	SUBTOTAL	16,764	13,247	9,910	(20.98)	(25.19)
0207.14.02 & 0207.36.01 & 0207.27.02	Poultry livers					
	U.S. & SUBTOTAL	3	21	2	600.00	(90.48)
0407.00.01	Table eggs, fresh, including hatching eggs					
	U.S. & SUBTOTAL	48	70	268	45.83	282.86
0408.91.01	dried or powdered eggs					
	U.S. & SUBTOTAL	609	524	464	(13.96)	(11.45)
0408.91.99	Other eggs without shell.					
	U.S. & SUBTOTAL	58	9	12	(84.48)	33.33
1601.00.01	Sausages of broiler or turkey					
	U.S.	6,751	5,718	6,042	(15.30)	5.67
	OTHER	0	50	51		2.00
	SUBTOTAL	6,751	5,768	6,093	(14.56)	5.63
1602.31.01	Processed meat (Turkey)					
	U.S.	470	209	353	(55.53)	68.90
	OTHER	7	33	0	371.43	(100.00)
	SUBTOTAL	477	242	353	(49.27)	45.87
1602.32.01	Prepared or preserved chicken meat or offal					
	U.S.	4,445	4,230	3,692	(4.84)	(12.72)
	OTHER	164	304	125	85.37	(58.88)
	SUBTOTAL	4,609	4,534	3,817	(1.63)	(15.81)
1602.39.99	Other processed poultry meat					
	U.S.	6	5	4	(16.67)	(20.00)
	FRANCE	3	5	2	66.67	(60.00)
	OTHER	0	0	3		
	SUBTOTAL	9	10	9	11.11	(10.00)
0207.13.02	Chicken carcasses, fresh or chilled					
	U.S. & SUBTOTAL	4,319	5,070	5,003	17.39	(1.32)
0207.14.03	Chicken carcasses, frozen					
	U.S. & SUBTOTAL	58	0	0	(100.00)	-
0207.26.02	Turkey carcasses, fresh or chilled					
	U.S. & SUBTOTAL	0	0	0		
0207.27.03	Turkey carcasses, frozen					
	U.S. & SUBTOTAL	0	0	0		

Author Defined:

OTHER RELEVANT REPORTS

MX0505 Mexico Revises Food Labeling Regulations

MX0002 GOM Investigates Monopolistic Practices In Mexican Poultry Sector.doc

MX0010 Poultry and Products, Semi-Annual

MX0013: Livestock and products Semi Annual

MX0026 TRQ for Beef and Poultry Products under Mexico-Japan Agreement.pdf

MX 0050 Mexico Lifts Ban on Poultry Imports from Meeker MN

MX0058 Shell egg categories for import into Mexico

FAS Mexico Web Site:
We are available at www.mexico-usda.com or visit FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

For More Information:
AgMexico@usda.gov
Phone: 011-52-55-5080-2532
Fax: 011-52-55-5080-2514

Useful Mexican Web Sites:
Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at http://www.sagarpa.gob.mxand Mexico's equivalent of the Department of Commerce (SE) can be found at www.se.gob.mx These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

Commodities: