

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Mexico**

### **Poultry and Products Semi-annual**

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**Report Highlights:**

Mexico's 2011 broiler meat forecast: Production forecast is unchanged as high and volatile feed prices continue to limit growth. Consumption forecast is revised slightly higher as consumer purchasing power continues to recover. However, growing Mexican population and a shift in the consumer preferences constrains per-capita consumption. Import estimate is revised 5 percent higher as demand outpaces production.

## **Executive Summary:**

### 2011 Broiler Meat Overview:

The production forecast is unchanged as higher feed prices and grain price volatility continue to limit growth.

Consumption is revised slightly higher as consumer purchasing power continues to recover. Demand by lower-income consumers is expected to continue increasing. However, the growing Mexican population and a shift in the preferences of middle-income consumers from chicken to beef are limiting per-capita consumption growth.

The import forecast is revised upward 5 percent to 580,000 MT, maintaining previous growth expectations following a stronger than expected 2010 import figure. Consumer demand remains robust particularly due to lower international prices. Demand for mechanically deboned meat by the sausage processors also remains hearty.

The export forecast is revised 4,000 MT higher, reflecting increased shipments to Asian markets.

The National Service of Health, Food Safety, and Food Quality (SENASICA) launched a new system to review the zoo-sanitary import requirement sheets (HRZs) on line and removed the need to obtain the HRZ in person at a SENASICA office. In addition, SENASICA is working to reduce the number of HRZ's. At this time, it is unclear how this new system will affect the trade in poultry and poultry products.

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

### **Production:**

The 2011 broiler-production forecast is unchanged as higher feed prices and grain price volatility continue to limit growth. Furthermore, recent frost damage during the first few days of February in northern Mexico could negatively affect domestic feed purchases (for more information consult GAIN report [MX1012](#)).

Price volatility in grains will affect only a part of broiler production, principally medium and small producers who are less inclined to use risk management practices. This will hinder additional production growth, which is supported by a better economic situation and stronger consumer purchasing power.

For the poultry sector, 40 percent of feed grains is sourced domestically while the remaining 60 percent is imported. According to some producers, about 73 percent of the total demand for feed grains is currently covered using risk management tools generally mitigating the impact of higher grain prices.

Producers have expressed their intention to avoid an unexpectedly strong increase in broiler production costs, as occurred with record high grain prices in 2007 and 2008. Thus for 2011, they are hedging against such price risks using the government’s program *Agricultura por Contrato*, under which the price-risk volatility for domestic corn and sorghum is covered.

**Consumption:**

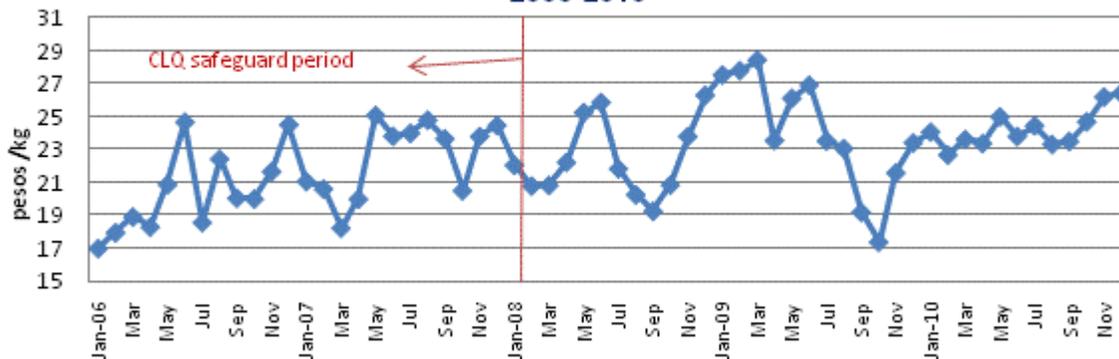
Consumption for 2011 is revised marginally higher as expectations for consumer purchasing power recover are unchanged. Demand by lower-income consumers is expected to continue to increase.

According to INEGI<sup>1</sup>, the average Mexican consumer spends 34 percent of his/her income on food, and from that, 24 percent is used for purchasing all kinds of meat (of which 28 percent for poultry meat and 15 percent for process meats such as sausage, hams, chorizo, etc.). Thus small positive changes in disposable income potentially raise and/or alter meat consumption.

Consumers continue to prefer fresh whole chickens compared to chicken cuts, and supermarkets continue displaying imported poultry meat, including CLQs, along with domestically produced products. In addition, Mexican consumers avoid consuming frozen or long-time chilled chicken products; for the Mexican consumer, fresh products are associated with quality.

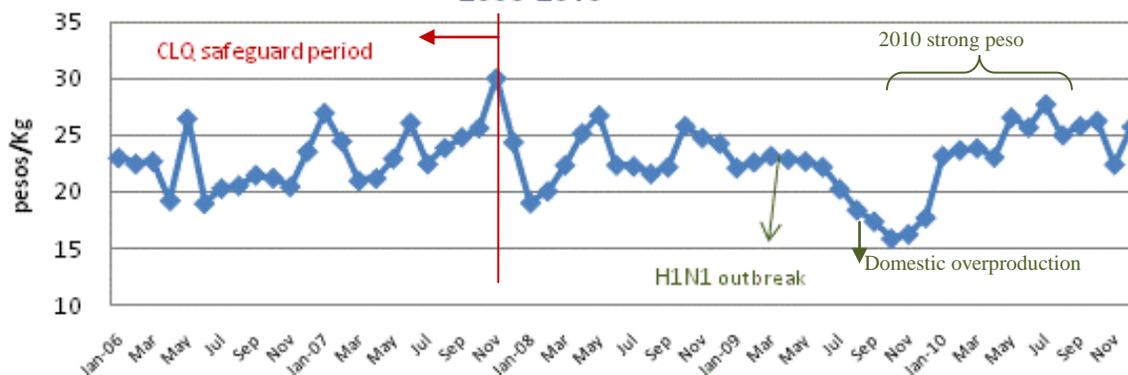
During the second half of 2010 consumer prices for chicken leg quarters (CLQs) and whole chickens were slightly higher compared to the prices during the first half of 2010. The CLQs average price for 2010 was 24.24 pesos/kg (US\$1.92/kg), and the whole broiler average price for 2010 was 24.95 pesos/kg (US\$1.98 /kg).

**Graph 1. Mexico: Monthly Wholesale CLQ Domestic Price 2006-2010**



<sup>1</sup> INEGI: *Instituto Nacional de Estadística y Geografía* (National Institution for Statistics and Geography).

**Graph. 2 Mexico: Monthly Consumer Whole Broiler Price  
2006-2010**



<sup>[1]</sup> INEGI: *Instituto Nacional de Estadística y Geografía* (National Institution for Statistics and Geography).

## **Trade:**

### Imports

The 2011 import forecast is revised upward 5 percent to 580,000 MT, maintaining previous growth expectations, but higher because of the stronger than expected 2010 imports. Consumer demand remains robust particularly due to lower international prices. Demand for mechanically deboned meat by the sausage industry also remains hearty.

According to industry association sources, 90 percent of the raw material for producing sausage, hams, chorizo, and other products comes from the United States. The processing sector is expected to continue increasing production in 2011; thus, potential for increased imports of U.S. mechanically deboned meat exists.

Concerning sanitary restrictions, in September 2010, the Mexican government lifted the import ban imposed on live birds, poultry products and by-products, and eggs from the counties of Edmonton, Kentucky, Giles and Lincoln, Tennessee; and Tarrant, Texas (for more information consult GAIN report [MX0065](#)).

### Exports

The 2011 export forecast is revised upward by 4,000 MT reflecting an anticipated increase in shipments to Asian markets.

The 2011 Mexican congressionally approved budget includes 400 million pesos (US\$31.7 million) for export promotion of agricultural products. As the Mexican poultry sector continues to focus on exports, a portion of this funding could be used for foreign market development.

**Policy:**New HRZ system

On December 13, 2010, SENASICA launched a new on-line system for sanitary import requirements (HRZ by its acronym in Spanish). This web-site allows importers and exporters to review Mexican import requirements on line ([HRZ system](#)) prior to exporting. Furthermore, the system removed the need to obtain the HRZ in person at a SENASICA office and present it with the exported shipment. Since this new system was announced (October 13, 2010), SENASICA has continued its efforts to reduce the number of HRZs for all imported products. USDA-Mexico is working very closely with SENASICA to maintain the flow of trade without disruptions. At this time, it is unclear how this new system will affect the trade in poultry and poultry products. (More information can be found in GAIN report [MX0090](#))

Anti-dumping investigation of U.S. CLQs

On February 8, 2011, the Secretariat of Economy (SE) published in the *Diario Oficial* (Mexican Federal Register) a notice announcing an anti-dumping investigation of U.S. fresh, chilled or frozen CLQs (HS # 0207.13.03 and 0207.14.04) exported to Mexico. The reference period is from January 1, 2007, until September 30, 2010, with the investigation focusing on the period from October 1, 2009, through September 30, 2010. The petitioners claim U.S. export chicken prices are below the U.S. cost of production. Since this investigation was initiated without preliminary import duties, the significance of the antidumping case is not yet known. For further information consult GAIN report [MX1009](#).

**Marketing:**

The Agricultural Trade Offices (ATO) in Mexico will participate in the following trade shows to promote U.S. exports: ANTAD 2011 (9-11 March), Alimentaria Show (31 May-2 June), Expohotel 2011 (15-17 June) and ABASTUR 2011 (20-22 Sep). 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

[atomexico@fas.usda.gov](mailto:atomexico@fas.usda.gov)

[www.mexico-usda.com](http://www.mexico-usda.com)

Garth Thorburn, Director

## Production, Supply and Demand Data Statistics:

Poultry, Meat, Broiler Mexico	2009			2010			2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Inventory (Reference)	0	0	0	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	2,781	2,781	2,781	2,809	2,809	2,809	2,850	2,850	2,850
Whole, Imports	0	11	11	0	1	1	0	2	2
Parts, Imports	492	481	481	525	525	542	550	543	578
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0	0	0	0
Total Imports	492	492	492	525	526	543	550	545	580
Total Supply	3,273	3,273	3,273	3,334	3,335	3,352	3,400	3,395	3,430
Whole, Exports	0	2	2	0	4	4	0	4	4
Parts, Exports	9	7	4	10	6	10	12	8	12
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0	0
Total Exports	9	9	6	10	10	14	12	12	16
Human Consumption	3,264	3,264	3,267	3,324	3,325	3,338	3,388	3,383	3,414
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	3,264	3,264	3,267	3,324	3,325	3,338	3,388	3,383	3,414
Total Use	3,273	3,273	3,273	3,334	3,335	3,352	3,400	3,395	3,430
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	3,273	3,273	3,273	3,334	3,335	3,352	3,400	3,395	3,430

Not Official USDA  
Data

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	25.04	35.94
September	21.50	24.86	22.22	17.40	25.83	48.45
October	21.25	25.67	25.84	15.89	26.30	65.51
November	20.48	30.06	24.80	16.28	22.45	37.90
December	23.58	24.42	24.30	17.74	25.78	45.32
<b>Annual</b>	<b>21.73</b>	<b>24.52</b>	<b>23.08</b>	<b>20.15</b>	<b>24.95</b>	<b>23.82</b>

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\* New York dressed (whole chicken including offal)

Source: National Poultry Union (UNA)

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**Table 3. Mexico: Mexico City Chicken Leg Quarter  
Wholesale Monthly Prices, 2006-2010  
Pesos/Kilogram**

<b>Month</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>% Change 09/10</b>
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	24.44	3.91
August	22.42	24.78	20.26	23.06	23.31	1.08
September	20.05	23.65	19.26	19.20	23.49	22.34
October	20.00	20.50	20.85	17.39	24.68	41.92
November	21.66	23.79	23.79	21.58	26.18	21.31
December	24.50	24.46	26.29	23.41	26.40	12.77
<b>Annual Avg.</b>	<b>20.41</b>	<b>22.49</b>	<b>22.43</b>	<b>24.04</b>	<b>24.24</b>	<b>0.83</b>

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 = 12.62 pesos

**Author Defined:**

**For More Information**

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

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work

<http://www.youtube.com/user/ATOMexicoCity>

<b>Report Number</b>	<b>Subject</b>	<b>Date Submitted</b>
MX0065	Mexico Lifts Ban on Poultry Imports from Four U.S. Counties	09/21/10
MX0089	New SENASICA system for Import Requirement Sheets (HRZs)	12/03/10
MX0059	Annual Poultry and products	09/01/10
MX0090	New SENASICA System for Import Requirement Sheets (HRZ's)	12/03/10
MX1009	Mexico Initiates An Anti-dumping Investigation on U.S. CLQs	02/08/11
MX1011	Mexico Extends Temporary Procedures for Obtaining HRZs	2/11/11
MX1012	Hard Freeze Damages Sinaloa Corn, and Produce	2/11/11

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx), equivalent to the U.S. Department of Commerce (SE) can be found at [www.economia.gob.mx](http://www.economia.gob.mx) and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at [www.salud.gob.mx](http://www.salud.gob.mx). These web sites are mentioned for the readers' convenience but

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