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Mexico

Livestock and Products

Annual

2000

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Report Highlights:

After several years of severe drought, Mexico's livestock industry, is now making slight headway as pasturelands in the northern part of the country are starting to get regular rainfall. Beef consumption is forecast to increase for 2001 due to the expected improvement in real personal income. Mexico is likely to continue importing grain-fed beef to meet demand from a growing population and the tourist and restaurant sectors. Feeder steer exports are expected to continue increasing during 2001 due to an expected growth in the calf crop.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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SECTION I. SITUATION AND OUTLOOK

Economic Situation and Outlook: The outlook for the Mexican economy for the remainder of the year 2000 remains bright. Aggregate demand is exceptionally strong and sustaining GDP growth that could average 6.0 percent in 2000. This year's performance will surpass last year's, when GDP rose by 3.7 percent in real terms. The figure for inflation, too, is expected to be lower than the 12.3 percent of 1999 and may decline to about 9.5 percent by the end of the year, the first time the rate will be below 10.0 percent in six years. The Government of Mexico's (GOM) conservative fiscal and monetary policies have helped offset the unusually strong consumer demand and thus prevent the overheating of Mexico's economy. The GOM is conscious of this danger, and is taking steps to ensure that the economy grows at a sustainable rate during the next few years.

Mexico's domestic and foreign trade continues to grow at rates that warrant optimism. Domestic consumption grew by nearly 9.5 percent in real terms during the first half of 2000. Investment rose by about 11.5 percent during this semester relative to the level of a year earlier. This rate could well be sustained during the second half of 2000. Mexico's exports increased about 24.5 percent in nominal terms during the first six months of 2000 relative to those of the same period a year earlier. Imports rose by about 25.0 percent during the same period. In the year that ended in June 2000, Mexico's net international assets increased \$4.2 billion to a total of \$29.6 billion. The result reflected the benefits to Mexico of high oil prices and a robust U.S. economy. The latter's effect on Mexico is overwhelming, given that the United States remains Mexico's most important export market (87 percent in 1999), its most important source of imports (74 percent), and its prime source of foreign short- and long-term capital.

Mexico's current account deficit is projected to be approximately \$19 billion by the end of the year 2000. This figure would represent 3.1 percent of GDP, 0.2 percentage points higher than the corresponding value in 1999. Forecasters generally agree that inflation, as measured by the consumer price index, may drop to about 9.5 percent by the end of the year. The exchange rate for 2000 is forecast to be about 10.0 pesos/US\$ by the end of the year, which would represent about a five percent depreciation relative to the rate that prevailed in 1999 (9.5). Mexico's fiscal deficit will likely to reach approximately 1.0 percent of GDP this year, about the same as it was last year.

Continuation of these positive into 2001 will depend on how well the GOM responds to internal and external developments during the next several months. Exceptionally strong consumer demand could lead to serious overheating of Mexico's economy, which could cause inflation to rise. The growth that this demand provokes attracts capital inflows and strengthens the peso. This can encourage excessive imports. If undiminished, at some point the current account will weaken and may provoke a correction that could induce a fall in economic growth. The Bank of Mexico is implementing monetary restrictions to prevent such overheating.

The GOM's ability to absorb the effects of a U.S. economic slowdown, and possibly of a fall in oil prices, will also determine whether Mexico will be able to maintain buoyant economic growth in the years to come. A significant downturn in the U.S. economy could cause a substantial fall in U.S. equity prices, which would provoke an increase in U.S. interest rates. The end result could

trigger a downturn in Mexico. The expansion of trade with Mexico's non-NAFTA partners could mitigate the effects of a slowdown in the United States. Mexico's free trade agreement (FTA) with the European Union could initiate robust growth in Mexican exports to Europe without posing a threat to the commercially most important U.S. agricultural exports to Mexico. This is true because Mexico did not make tariff rate concessions to the E.U. on any products for which the E.U. provides export subsidies (grains, meat, dairy, etc.). Its development as an export market may more than offset the likely decline in world oil prices during the next few years, given that oil exports now account for less than 10.0 percent of total Mexican exports. Oil revenues nonetheless remain of great significance to Mexico. They account for nearly 35 percent of government budgetary revenue. The GOM thus has a strong interest in cooperating with the OPEC producers to ensure that the price of oil remains at what they consider an acceptable level. The GOM assumed that Mexico would obtain \$16.0 per barrel for its oil exports when it prepared the fiscal year 2000 budget, but the price of Mexico's oil has averaged about \$24 during the first six months of 2000.

On July 2, 2000, Mexican voters elected Vicente Fox as their new President. This was a historic event because he is from the National Action Party (PAN by its Spanish initials), not the Institutional Revolutionary Party (PRI by its Spanish initials) which had dominated Mexican politics for over 70 years. He ran on a pro-business, free trade platform, but it is too early to tell as of this writing what economic policies he will implement to support that platform. He will take power December 1, 2000. (By the Embassy's Economics Section: JPG 080400)

Livestock Situation and Outlook: Mexican cattle inventories are expected to increase slightly for 2000 due largely to the improving calf crop and major imports. For 2001, the forecast expects a slight reduction in ending cattle inventories reflecting an increase in slaughter rates. Beef consumption is forecast to increase for 2001 due to the expected improvement in real personal income. Mexico is likely to continue importing grain-fed beef to meet demand from a growing population and the tourist and restaurant sectors. Imports for 2001 are forecast to increase by 11.1 percent from the previous year's revised estimate due to insufficient domestic production. Feeder steer exports should continue to increase for 2001 due to an improved calf crop.

On April 28, 2000, the Secretariat of Commerce and Industrial Development (SECOFI) issued its final decision on the antidumping case against exporters of U.S. beef and edible beef offals by imposing a complex set of specific duties on most beef carcasses and cuts. The final ruling, however, removes the earlier duties on tongues, livers and other edible offals. (See MX0060). Given the relative recentness of the imposition of the duties, there is not sufficient trade data by which to measure their impact; the most recent official Mexican trade data available to FAS/Mexico as of this writing are from May 2000.

The number of swine farms is expected to remain stable but animal population is expected to increase by 0.3 percent for 2001 because of stable production costs, and affordable prices for domestic and imported feedstuffs. The improving consumer purchasing power is creating higher demand for pork. Imports for 2001 are forecast to remain unchanged from the previous year's revised estimate due, in part, to the slack application of compensatory duties slapped on imports of live hogs for slaughter and because domestic production is increasing slightly.

Important Note: The slaughter data used throughout this report are based on official data with adjustments made to include approximately 25 to 30 percent of total cattle slaughter and 15 to 20 percent of total swine slaughter which is performed in in-situ slaughterhouses and on-farm, which are NOT considered in the official data.

SECTION II. STATISTICAL TABLES**PS&D, Animal Numbers, Cattle**

(1000 Head)

PSD Table						
Country:	Mexico					
Commodity:	Cattle					
	1999		2000		2001	
	Old	New	Old	New	Old	New
Calendar Year Begin	01/99		01/00		01/01	
Total Cattle Beg. Stks	24789	24859	23618	23716	0	22441
Dairy Cows Beg. Stocks	2200	2200	2200	2200	0	2200
Beef Cows Beg. Stocks	11175	11200	11200	11200	0	11300
Production (Calf Crop)	8475	8500	8525	8600	0	8650
Intra EC Imports	0	0	0	0	0	0
Other Imports	114	192	110	225	0	250
TOTAL Imports	114	192	110	225	0	250
TOTAL SUPPLY	33378	33551	32253	32541	0	31341
Intra EC Exports	0	0	0	0	0	0
Other Exports	960	1035	970	1200	0	1300
TOTAL Exports	960	1035	970	1200	0	1300
Cow Slaughter	1600	1600	1600	1600	0	1600
Calf Slaughter	1600	1600	1600	1600	0	1600
Other Slaughter	4900	4900	5000	5000	0	5100
Total Slaughter	8100	8100	8200	8200	0	8300
Loss	700	700	700	700	0	700
Ending Inventories	23618	23716	22383	22441	0	21041
TOTAL DISTRIBUTION	33378	33551	32253	32541	0	31341

PS&D, Meat, Beef and Veal

(1000 Head) (K Metric Tons)

PSD Table						
Country:	Mexico					
Commodity:	Meat, Beef and Veal					
	1999		2000		2001	
	Old	New	Old	New	Old	New
Calendar Year Begin	01/1999		01/2000		01/2001	
Slaughter (Reference)	8100	8100	8200	8200	0	8300
Beginning Stocks	0	0	0	0	0	0
Production	1860	1860	1900	1900	0	1925
Intra EC Imports	0	0	0	0	0	0
Other Imports	247	340	260	375	0	400
TOTAL Imports	247	340	260	375	0	400
TOTAL SUPPLY	2107	2200	2160	2275	0	2325
Intra EC Exports	0	0	0	0	0	0
Other Exports	5	0	5	0	0	0
TOTAL Exports	5	0	5	0	0	0
Human Dom. Consumption	2082	2180	2135	2255	0	2305
Other Use, Losses	20	20	20	20	0	20
TOTAL Dom. Consumption	2102	2200	2155	2275	0	2325
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	2107	2200	2160	2275	0	2325

Note: Figures are in CWE.

PS&D, Animal Numbers, Swine

(1000 Head)

PSD Table						
Country:	Mexico					
Commodity:	Animal Numbers, Swine					
	1999		2000		2001	
	Old	New	Old	New	Old	New
Calendar Year Begin	01/1999		01/2000		01/2001	
TOTAL Beginning Stocks	10860	10860	10799	10731	0	10591
Sow Beginning Stocks	900	900	900	900	0	900
Production (Pig Crop)	14750	14750	14800	14800	0	14850
Intra EC Imports	0	0	0	0	0	0
Other Imports	161	196	75	175	0	175
TOTAL Imports	161	196	75	175	0	175
TOTAL SUPPLY	25771	25806	25674	25706	0	25616
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Sow Slaughter	15	15	15	15	0	15
OTHER SLAUGHTER	13457	13560	13536	13600	0	13750
Total Slaughter	13472	13575	13551	13615	0	13765
Loss	1500	1500	1500	1500	0	1500
Ending Inventories	10799	10731	10623	10591	0	10351
TOTAL DISTRIBUTION	25771	25806	25674	25706	0	25616

PS&D, Swine, Meat

(1000 Head) (K Metric Tons)

PSD Table						
Country:	Mexico					
Commodity:	Swine, Meat					
	1999		2000		2001	
	Old	New	Old	New	Old	New
Calendar Year Begin	01/1999		01/2000		01/2001	
Slaughter (Reference)	13472	13575	13551	13765	0	13915
Beginning Stocks	0	0	0	0	0	0
Production	970	990	980	1034	0	1080
Intra EC Imports	0	0	0	0	0	0
Other Imports	100	148	110	150	0	150
TOTAL Imports	100	148	110	150	0	150
TOTAL SUPPLY	1070	1138	1090	1184	0	1230
Intra EC Exports	0	0	0	0	0	0
Other Exports	30	30	30	30	0	30
TOTAL Exports	30	30	30	30	0	30
Human Dom. Consumption	1040	1108	1060	1154	0	1200
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	1040	1108	1060	1154	0	1200
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1070	1138	1090	1184	0	1230

Note: Figures are in CWE.

Mexico Harmonized Import Tariff Schedule for 2000

Live Animals and Meat Duty Rates

H.S. Tariff Description	NAFTA	Colombia	Venezuela	Costa Rica	Bolivia	Chile	Nicaragua	GATT
Live bovine animals 0102.10.01 Purebred breeding animals	0	0	0	0	0	0	0	3
0102.90.01 Dairy cows	0	0	0	0	0	0	0	3
0102.90.02 Live animals of the bovine species, with pedigree or selected breed certificate other than those falling within subdivision 0102.90.01	0	0	0	0	0	0	0	3
0102.90.03 Live animals of the bovine species, for slaughter purposes when imported by "Industrial de Abastos (IDA) a parastatal slaughterhouse	0	4.3	4.3	6	6	0	10.5	18
0102.90.99 Others	0	4.3	4.3	6	6	0	10.5	18
Live swine animals 0103.10.01 Purebred breeding animals	0	0	0	0	0	0	0	3
0103.91.01 Hogs with pedigree or selected breed certificate, weighing less than 50 kgs.	0	4.3	4.3	0	5	0	8	10
0103.91.99 Others	6	5.7	5.7	8	8	0	8	23
0103.92.01 Hogs with pedigree or selected breed certificate, weighing more than 50 kgs.	0	2.8	2.8	0	4	0	6	10
0103.92.02 Live hogs weighing more than 110 kgs. Other than those falling within subdivision 0103.92.01	6	5.7	5.7	8	8	0	8	23
0103.92.99 Others	6	5.7	5.7	8	8	0	8	23
Live sheep and goats 0104.10.01 Sheep with pedigree or selected breed certificate	0	0	0	0	0	0	0	3
0104.10.02 Sheep for slaughter	3	2.8	2.8	0	4	0	4	13
0104.10.99 Others	3	2.8	2.8	0	4	0	4	13
0104.20.01 Goats with pedigree or selected breed certificate	0	0	0	0	0	0	0	3
0104.20.99 Others	0	2.8	2.8	0	4	0	4	13
Meat of bovine 0201.10.01 Carcasses and half-carcasses, fresh or chilled	**	0	0	13.6	0	0	14	20
0201.20.99 Other cuts with bone-in, fresh or chilled	**	0	0	8	0	0	14	20
0201.30.01 Other cuts boneless, fresh or chilled	**	0	0	8	0	0	14	20

0202.10.01 Carcasses and half-carcasses, frozen	**	0	0	16.8	0	0	17.5	25
0202.20.99 Other cuts with bone-in, frozen	**	0	0	16.8	0	0	17.5	25
0202.30.01 Other cuts boneless, frozen	**	0	0	16.8	0	0	17.5	25
Meat of swine, fresh or chilled 0203.11.01 Carcasses and half-carcasses	6	0	0	8	0	0	0	20
0203.12.01 Hams, shoulders and cuts thereof, with bone-in	6	0	0	8	8	0	0	20
0203.19.99 Others	6	0	0	8	8	0	0	20
0203.21.01 Carcasses and half-carcasses, frozen	6	0	0	8	0	0	0	20
0203.22.01 Hams, shoulders and cuts thereof, with bone-in, frozen	6	0	0	8	8	0	0	20
0203.29.99 Others, frozen	6	0	0	8	8	0	0	20
Meat of sheep, fresh, or chilled 0204.10.01 Lamb carcasses and half-carcasses	3	2.8	2.8	0	4	0	4	10
0204.21.01 Carcasses and half-carcasses of sheep	3	2.8	2.8	0	4	0	4	10
0204.22.99 Other cuts with bone-in	3	2.8	2.8	0	4	0	4	20
0204.23.01 Other cuts, boneless	3	2.8	2.8	0	4	0	4	10
0204.30.01 Carcasses and half-carcasses of lamb, frozen	3	2.8	2.8	0	4	0	4	10
0204.41.01 Carcasses and half-carcasses of sheep, frozen	3	2.8	2.8	0	4	0	4	10
0204.42.99 Other cuts with bone-in	3	2.8	2.8	0	4	0	4	10
0204.43.01 Other cuts, boneless	3	2.8	2.8	0	4	0	4	10
0204.50.01 Meat of goats	3	2.8	2.8	0	4	0	4	10

Source: Secretariat of Trade and Industrial Development (SECOFI), published in the *Diario Oficial* (Federal Register) dated December 31, 1999.

** On April 28, 2000, the Secretariat of Commerce and Industrial Development (SECOFI) published in the Mexican *Diario Oficial* (Federal Register) a final finding in the antidumping complaint against exporters of U.S. beef meat and edible offals (HTS# 0201.10.01, 0202.10.01, 0201.20.99, 0201.30.01, 0206.21.01, 0206.22.01 and 0206.29.99). SECOFI's finding assesses compensatory duties against the following products and U.S. exporters. Also, as explained below, selected products from certain U.S. exporters are exempt from additional duties. This is a summary derived from the Spanish-language announcement, following the same headings and order of the published text. All duties are specific, in U.S. dollars.

CARCASS

All carcass (HS0201.10.01 and 0202.01.01) - no damage, no duty, from: Excel Corporation; IBP, Inc.; Sunland Beef Company, Inc.; Sam Kane Beef Processors Inc.; and H&H Meat Products Company, Inc. All others will pay \$0.07/kg.

BONE-IN

All bone-in (HS0201.20.99 and 0202.20.99) - no damage, no duty from: Excel Corporation and IBP, Inc.; and no duty for Sam Kane Beef Processors and Northern Beef Industries, Inc. as long as the beef comes from Excel Corporation; IBP, Inc.; Sunland Beef Company, Inc.; and H&H Meat Products Company, Inc.

Bone-in beef from Farmland National Beef Packing Company is assessed a duty of \$0.03/kg.

Bone-in beef from Murco Foods, Inc.; Packerland Packing Company, Inc.; H&H Meat Products Company, Inc. and Agriwest International, Inc. is assessed a duty of \$0.11/kg as long as product comes from Excel Corporation; IBP, Inc.; Sunland Beef Company, Inc.; and H&H Meat Products Company, Inc. Otherwise, the duty is \$0.80/kg.

Bone-in beef from Almacenes de Tejas, Inc. is assessed a duty of \$0.16/kg as long as product comes from Excel Corporation; IBP, Inc.; Sunland Beef Company, Inc.; and H&H Meat Products Company, Inc. Otherwise, the duty is \$0.80/kg.

All other U.S. exporters of bone-in beef are assessed a duty of \$0.80/kg.

BONELESS

All boneless beef (HS 0201.30.01 and 0202.30.01) - no damage, no duty for: Excel Corporation and Farmland National Beef Packing Company, Inc.; and no duty for Northern Beef Industries, Inc. as long as the beef comes from Excel Corporation; IBP, Inc.; Sunland Beef Company, Inc.; H&H Meat Products Company, Inc.; Almacenes de Tejas, Inc.; Farmland National Beef Packing Company; Murco Foods, Inc.; Packerland Packing Company, Inc.; Agriwest International, Inc.; San Angelo Packing Company, Inc.; and CKE Restaurants, Inc.

Boneless beef from IBP, Inc. is assessed a duty of \$0.13/kg.

Boneless beef from Almacenes de Tejas, Inc. is assessed a duty of \$0.12/kg as long as product comes from Excel Corporation; IBP, Inc.; Sunland Beef Company, Inc.; H&H Meat Products Company, Inc.; Farmland National Beef Packing Company; Murco Foods, Inc.; Packerland Packing Company, Inc.; Agriwest International, Inc.; San Angelo Packing Company, Inc.; or CKE Restaurants, Inc. Otherwise, the duty is \$0.63/kg.

Boneless beef from Sam Kane Beef Processors, Inc. is assessed a duty of \$0.15/kg as long as

product comes from Excel Corporation; IBP, Inc.; Sunland Beef Company, Inc.; H&H Meat Products Company, Inc.; Farmland National Beef Packing Company; Murco Foods, Inc.; Packerland Packing Company, Inc.; Agriwest International, Inc.; San Angelo Packing Company, Inc.; or CKE Restaurants, Inc. Otherwise, the duty is \$0.63/kg.

Boneless beef from Sunland Beef Company, Inc. is assessed a duty of \$0.25/kg as long as product comes from Excel Corporation; IBP, Inc.; H&H Meat Products Company, Inc.; Sam Kane Beef Processors, Inc.; Farmland National Beef Packing Company; Murco Foods, Inc.; Packerland Packing Company, Inc.; Agriwest International, Inc.; San Angelo Packing Company, Inc.; or CKE Restaurants, Inc. Otherwise, the duty is of \$0.63/kg.

Boneless beef from: Murco Foods, Inc.; Packerland Packing Company, Inc.; and San Angelo Packing Company, Inc. is assessed a duty of \$0.07/kg.

Boneless beef from: H&H Meat Products Company, Inc.; Agriwest International, Inc.; and CKE Restaurants, Inc. is assessed a duty of \$0.07/kg. as long as product comes from: Excel Corporation; IBP, Inc.; Sam Kane Beef Processors, Inc.; Farmland National Beef Packing Company; Murco Foods, Inc.; Packerland Packing Company, Inc.; San Angelo Packing Company, Inc.; Otherwise, the duty is \$0.63/kg.

All other U.S. beef exporters of boneless beef are assessed a duty of \$0.63/kg.

OTHER TERMS

The USDA export certificate for all beef classified Select or Choice must show that slaughter occurred within 30 days. Otherwise, the duty is \$0.07/kg for carcass; \$0.80/kg bone-in; and \$0.63/kg. boneless.

All tongue, liver and other edible offals - no duty.

All Prime or Angus - no duty as long as this classification is shown on certificates from USDA or the American Angus Association.

All Bob Veal or Special Fed Veal - no duty for product originating from Berliner & Marx, Swissland Packing, Strauss Veal, Provimi Veal; proven with a certificate of origin and affidavit, or FSIS certificate.

All Kosher - no duty for product originating from Agriprocessors, Alle Processing, and Bessin Corporation; proven with a certificate of origin and affidavit, or FSIS certificate.

Conagra Corporation - all carcass, bone-in and boneless must pay a duty of: \$0.07/kg carcass; \$0.80/kg bone-in; \$0.63/kg. boneless; regardless of exporter.

No duty for all beef originating from other countries as long as it can be proven.

Grass Fed Live Steer Average wholesale Prices in Mexico City

(US\$/Lb.)

Month	1998	1999	% Change
Jan	0.607	0.636	4.77
Feb	0.608	0.647	6.41
Mar	0.608	0.650	6.90
Apr	0.608	0.647	6.41
May	0.610	0.651	6.72
Jun	0.604	0.655	8.44
Jul	0.606	0.657	8.41
Aug	0.616	0.656	6.49
Sep	0.614	0.662	7.81
Oct	0.619	0.670	8.23
Nov	0.636	0.671	5.50
Dec	0.637	0.673	5.65

Beef Carcass Average Wholesale Prices in Mexico City
(US\$/Lb.)

Month	1998	1999	% Change
Jan	0.933	1.00	7.18
Feb	0.944	1.02	8.05
Mar	0.948	1.03	8.64
Apr	0.949	1.03	8.53
May	0.949	1.02	7.48
Jun	0.937	1.03	9.92
Jul	0.937	1.03	9.92
Aug	0.955	1.03	7.85
Sep	0.948	1.04	9.70
Oct	0.998	1.04	4.20
Nov	0.949	1.04	9.58
Dec	0.950	1.06	11.57

Finished Live Hog Wholesale Prices in Mexico City
(US\$/Lb.)

Month	1998	1999	% Change
Jan	0.556	0.474	(17.29)
Feb	0.492	0.461	(6.72)
Mar	0.465	0.472	1.50
Apr	0.472	0.465	(1.50)
May	0.497	0.492	(1.01)
Jun	0.589	0.573	(2.79)
Jul	0.556	0.583	4.85
Aug	0.536	0.576	7.46
Sep	0.526	0.568	7.98
Oct	0.501	0.553	10.37
Nov	0.477	0.570	19.49
Dec	0.507	0.639	26.03

Pork Carcass Average Wholesale Prices in Mexico City
(US\$/Lb.)

Month	1998	1999	% Change
Jan	0.785	0.702	(11.82)
Feb	0.703	0.685	(2.62)
Mar	0.678	0.737	8.70
Apr	0.677	0.738	9.01
May	0.721	0.763	5.82
Jun	0.809	0.825	1.97
Jul	0.773	0.827	6.98
Aug	0.720	0.831	15.41
Sep	0.701	0.823	17.40
Oct	0.688	0.805	17.00
Nov	0.663	0.820	23.68
Dec	0.829	0.888	7.11

Source: National Market Information Service (SNIM)

Exchange rate (August 31, 2000) USD\$1.00 = \$9.30 Pesos

<i>Animal Numbers, CATTLE</i>				UNITS: <i>Head</i>			
EXPORTS TO:	1999	2000*	2001**	IMPORTS FROM:	1999	2000*	2001**

U.S.	1,035,829	567,521	1,150,000	U.S.	170,594	64,386	200,000
OTHER				OTHER			
NICARAGUA	25	0		CANADA	4,879	6,032	
EL SALVADOR	0	0		AUSTRALIA	6,791	2,809	
TOTAL OF OTHER	25	0		TOTAL OF OTHER	11,670	12,820	
OTHERS NOT LISTED	0	174		OTHERS NOT LISTED	9,359	16,928	
GRAND TOTAL	1,035,854	567,695	1,150,000	GRAND TOTAL	191,623	94,134	200,000

<i>Meat, Beef & Veal</i>				UNITS: <i>Metric Tons</i>			
EXPORTS TO:	1999	2000*	2001**	IMPORTS FROM:	1999	2000*	2001**
U.S.	1030	570	1050	U.S.	238,068	92,079	260,000
OTHER				OTHER			
	0	0		CANADA	18,570	12,125	
TOTAL OF OTHER	0	0		TOTAL OF OTHER	18,570	12,125	
OTHERS NOT LISTED	0	0		OTHERS NOT LISTED	1,193	10,547	
GRAND TOTAL	1030	570	1050	GRAND TOTAL	257,831	114,751	260,000

<i>Animal Numbers, SWINE</i>				UNITS: <i>Head</i>			
EXPORTS TO:	1999	2000*	2001**	IMPORTS FROM:	1999	2000*	2001**
U.S.	0	0	0	U.S.	195,747	50,595	75,000
OTHER				OTHER			
GUATEMALA	4	0	0	CANADA	571	7,202	
TOTAL OF OTHER	4	0	0	TOTAL OF OTHER	571	7,202	
OTHERS NOT LISTED	0	0	0	OTHERS NOT LISTED	0	5,351	
GRAND TOTAL	4	0	0	GRAND TOTAL	196,318	63,148	75,000

<i>Meat, SWINE</i>				UNITS: <i>Metric Tons</i>			
EXPORTS TO:	1999	2000*	2001**	IMPORTS FROM:	1999	2000*	2001**
U.S.	19,170	10,680	19,000	U.S.	99,323	56,359	110,000
OTHER				OTHER			
JAPAN	4,149	53	5,000	CANADA	13,384	10,184	
TOTAL OF OTHER	4,149	53	5,000	TOTAL OF OTHER	13,384	10,184	
OTHERS NOT LISTED	163	32	0	OTHERS NOT LISTED	1,440	548	
GRAND TOTAL	23,482	10,765	24,000	GRAND TOTAL	114,147	67,091	110,000

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition.

* As of May 31, 2000

** Forecast figures.

Cattle Slaughtered in Federally Inspected Type (TIF) Slaughterhouses by State (Head)

State	1998	1999
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Aguascalientes	26,292	21,640
Baja California	131,261	132,575
Baja California Sur	0	0
Campeche	0	0
Coahuila	44,588	81,533
Colima	0	0
Chiapas	48,995	45,138
Chihuahua	73,196	55,129
Distrito Federal	0	0
Durango	16,453	16,778
Guanajuato	0	0
Guerrero	0	0
Hidalgo	0	0
Jalisco	34,901	22,209
Mexico	0	0
Michoacan	0	0
Morelos	0	366
Nayarit	0	0
Nuevo Leon	213,028	211,784
Oaxaca	0	0
Puebla	143	0
Queretaro	0	0
Quintana Roo	0	0
San Luis Potosi	45,589	54,618
Sinaloa	143,734	134,338
Sonora	82,963	89,335
Tabasco	138,995	164,749
Tamaulipas	81,694	63,237
Tlaxcala	0	0
Veracruz	157,881	172,724
Yucatan	63,782	59,228
Zacatecas	855	7,410
Total	1,304,350	1,332,791

SOURCE: Confederacion Nacional Ganadera (CNG) with data from SAGAR

Cattle Slaughtered in Municipal Slaughterhouses by State (Head)

State	1998	1999
Aguascalientes	45,448	44,922
Baja California	9,973	9,218
Baja California Sur	21,794	23,640
Campeche	16,725	17,783
Coahuila	122,043	128,877
Colima	35,935	34,729
Chiapas	90,871	83,423
Chihuahua	110,153	118,930
Distrito Federal	347,843	346,992
Durango	45,735	48,913
Guanajuato	160,209	166,013
Guerrero	71,369	74,874
Hidalgo	64,762	58,263
Jalisco	448,698	460,113
Mexico	346,117	322,082
Michoacan	225,059	246,682
Morelos	46,886	41,528
Nayarit	40,273	42,759
Nuevo Leon	96,911	93,674
Oaxaca	57,456	63,305
Puebla	73,546	74,034
Queretaro	57,634	56,498
Quintana Roo	16,113	17,416
San Luis Potosi	85,516	83,355
Sinaloa	107,257	104,000
Sonora	65,752	63,719
Tabasco	88,030	84,066
Tamaulipas	115,438	114,887
Tlaxcala	10,838	9,465
Veracruz	166,389	166,208
Yucatan	40,664	43,542
Zacatecas	66,008	66,368
Total	3,297,445	3,310,278

SOURCE: Confederacion Nacional Ganadera CNG with data from SAGAR

Cattle slaughtered In-Situ Slaughterhouses (Head)

Total	1998	1999
	N/A	3,457,000

Hogs Slaughtered in Federally Inspected Type (TIF) Slaughterhouses by State (Head)

State	1998	1999
Aguascalientes	0	0
Baja California	11,746	10,655
Baja California Sur	0	0
Campeche	0	0
Coahuila	341	16,142
Colima	0	0
Chiapas	0	0
Chihuahua	0	0
Distrito Federal	0	0
Durango	7,309	10,186
Guanajuato	703,330	701,416
Guerrero	0	0
Hidalgo	0	0
Jalisco	245,345	262,972
Mexico	810,926	861,324
Michoacan	0	0
Morelos	0	0
Nayarit	0	0
Nuevo Leon	220,961	256,068
Oaxaca	0	0
Puebla	34	14,980
Queretaro	0	0
Quintana Roo	0	0
San Luis Potosi	0	0
Sinaloa	58,677	55,211
Sonora	1,522,750	1,442,946
Tabasco	0	0
Tamaulipas	0	0
Tlaxcala	49,866	180,535
Veracruz	0	0
Yucatan	430,963	400,637
Zacatecas	382	0
Total	4,062,630	4,213,072

SOURCE: Confederacion Nacional Ganadera (CNG) with data from SAGAR, INEGI and BANCOMEXT

Hog Slaughtered in Municipal Slaughterhouses by State (Head)

State	1998	1999
Aguascalientes	92,211	136,509
Baja California	5,346	5,744
Baja California Sur	7,713	9,044
Campeche	66,994	75,737
Coahuila	67,150	73,741
Colima	107,197	111,644
Chiapas	32,201	26,928
Chihuahua	45,183	60,634
Distrito Federal	1,907,151	1,957,603
Durango	14,649	16,911
Guanajuato	315,116	363,996
Guerrero	110,815	137,402
Hidalgo	122,656	127,524
Jalisco	773,917	888,184
Mexico	730,844	717,338
Michoacan	280,017	343,010
Morelos	135,089	125,118
Nayarit	46,880	49,270
Nuevo Leon	95,089	82,396
Oaxaca	96,814	86,672
Puebla	311,069	337,505
Queretaro	141,860	169,025
Quintana Roo	57,819	92,084
San Luis Potosi	123,706	129,299
Sinaloa	69,493	77,087
Sonora	30,108	31,616
Tabasco	32,280	32,949
Tamaulipas	61,253	68,819
Tlaxcala	34,145	34,056
Veracruz	236,685	238,720
Yucatan	242,889	216,605
Zacatecas	68,854	74,736
Total	6,463,193	6,897,906

SOURCE: Confederacion Nacional Ganadera (CNG) with data from SAGAR

Hog Slaughtered In-Situ Slaughterhouses (Head)

Total	1998	1999
	N/A	2,464,000

Table 12

Strategic Indicator Table for Feed

FEED DEMAND				
Strategic Indicator Table	Mexico			
Meat Production	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Calendar Year:				
Poultry				
Poultry Meat:	1,586,000	1,784,000	1,891,000	1,986,000
Eggs:	1,686,000	1,829,000	1,879,000	1,898,000
Pork:	960,000	989,000	1,034,000	1,040,000
Compound Feed Sector	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Calendar Year:				
Compound Feed Capacity	24,500,000	28,600,000	30,030,000	31,531,000
Total Compound Feed Produced	17,937,000	19,335,000	20301	21,316,000
By Integrated Producers	12,197,000	12,685,000	13,319,000	13,985,000
By Commercial Producers	5,740,000	6,650,000	6,982,000	7,331,000
Feed Grain Use	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Marketing Year:				
Corn (Domestic Consumption feed)	4,320,000	4,400,000	8,600,000	8,858,000
Protein-Energy Use	1998	Last Year 1999	Current Year 2000	Out Year Forecast 2001
Marketing Year:				
Total Protein Meal (Feed waste domestic consumption)	4,035,000	4,284,000	4,476,000	4,610,000
Soy Bean Meal (Feed waste domestic consumption)	3,290,000	3,500,000	3,600,000	3,708,000
Other Protein Meal, e.g. Palm Kernel Meal, Rape Seed Meal (Feed waste domestic consumption)	745,000	784,000	876	902

Fish Meal	N/A	N/A	N/A	N/A
Palm Crude Oil (Feed waste domestic consumption)	N/A	N/A	N/A	N/A
Trade (Metric Tons)	1998	Last Year 1999	Current Year	Out Year Forecast
Calendar Year:			2000	2001
Corn	5,214,510	5,494,502	5,659,337	5,829,117
Imports:				
Exports:	N/A	N/A	N/A	N/A
Soy Beans				
Imports:	3,486,000	4,066,000	4,270,000	4,486,000
Exports:	N/A	N/A	N/A	N/A
Fish Meal				
Imports:	3,282	2,671	2,724	2,778
Exports:	690	547	552	557
Palm Crude Oil				
Imports:	132,593	92,328	100,102	100
Exports:	N/A	N/A	N/A	N/A
Protein Products Tariffs & Taxes	Product Description	NAFTA Rate	MFN Rate	Other Import Taxes/Fees
Report Year:				
0505.90	Feather Meal	Ex.	13.0 %	N/A
1501.000060	Yellow Grease	160.7 %	260.0 %	N/A
1502.000040	Inedible Tallow	3.0 %	10.0 %	N/A
1511	Palm Oil	3.0 %	10.0 %	N/A
1518	Animal Vg Fts & Oils	3.0 %	10.0 %	N/A
2301.10	Meat and Bone Meal	4.5 %	18.0 %	N/A
2301.20	Fish Meal	4.5 %	18.0 %	N/A

SECTION III. NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

CATTLE

Production

Cattle production for 2001 is forecast to increase by 0.3 percent compared to the previous year's

figure due to the recent rainfall in Mexico's northern pasturelands and the expected improvement in the calf crop. The forecast for beef meat production in 2001 is estimated at 1.925 million metric tons, 1.3 percent above the previous year's figure due to expected improvement in the calf crop and the increased demand due to population growth. According to official data, Mexico's beef meat production in 1999 reached 1.860 million metric tons. Due to the improvement in the calf crop, the estimated production for 2000 is 1.900 million metric tons, 2.2 percent above the 1999 figure.

Please note that the slaughter figures in the PS&D tables of this report are a combination of official published data with adjustments made to account for estimated unregistered slaughter activity which occurs in in-situ slaughterhouses which, according to information from the National Livestock Confederation (CNG) and government sources, slaughter anywhere from 2 million to 3 million head of cattle. It is nearly impossible, however, to verify these numbers.

Ending inventories for 1999 have been revised upward by 0.4 percent. Due to increased slaughter rates and increased exports, the ending inventory estimate for 2000 is revised downward by 0.2 percent from the previous estimate. The forecast for 2001 is 6.6 percent lower than the previous year's estimate reflecting expected increase in slaughter rates and increased exports.

Consumption

The beef consumption forecast for 2001 is estimated to reach 2,305 million metric tons, 2.2 percent more than the previous year's revised estimate. This increase is attributable to population growth and expected improvement in the purchasing power of the consumer. The estimate for 2000 has been revised upward by 5.6 percent reflecting an expected increase in consumer demand. National consumption of beef meat in 1999 is revised upward by 5.6 percent to reflect official government data.

Trade

In 1999 Mexico exported 1,034,755 head of cattle to the United States compared to 714,944 head exported in 1998, representing an increase of 45 percent. The figure for 1999 reaches the average historical export figures occurring before Mexico's economic crisis of 1994.

Exports in 1999, to the United States consisted of 92 percent steers and 8 percent heifers. Exports for 2000 are expected to reach 1,200,000 head due to attractive export prices and an increase in calf crop. The cattle export forecast for 2001 is expected to reach 1,300,000 head due to expected improvement in the calf crop and favorable export market conditions. Mexico's current beef exports remain insignificant.

Mexico's cattle imports for 2001 are forecast to remain unchanged from the previous year's

revised estimate as domestic producers are expected to be very cautious with international purchases because of the new government just getting into office. The estimate for 2000 is revised upward twofold as many cattlemen are starting to build-up their herds due to the expected improvement in pasture conditions fueled from recent rainfall. Cattle imports for 1999 are revised upward from the previous estimate by 68.4 percent to reflect official data and the need for herd build-ups.

The forecast on beef meat imports for 2001 is expected to increase by 6.6 percent from the previous year's revised estimate due to the expected increase in demand fueled by the improving economy and more disposable income of the population. The estimate for 2000 is revised upward by 44.2 percent from the previous figure due also to increased demand fueled by the improving purchasing power of the population. Beef meat imports in 1999 have been revised upward by 37.6 percent from the previous estimate to reflect official data and higher demand from the population whose purchasing power is improving.

The impact of specific compensatory duties on U.S.-Mexico beef trade were expected to be significant. However, trade in 2000 will continue to show an upward trend despite the application of compensatory duties for beef as a result of the final determination by the Mexican authorities on the antidumping claim which was finalized in April 2000. The volume of U.S. exports of beef to Mexico for the first 5 months of 2000 increased 11.2 percent over the same period in 1999, and 21.5 percent over the same period in 1998.

Forecasting future Mexican beef import demand is difficult since the cross-border trade in cattle and beef products will depend on the cost/price relationships that develop between the U.S. and Mexican livestock sectors. However, the combination of a healthy economy and historically low cattle inventory levels suggest that rebuilding herds and satisfying growing demand through local production will be difficult for Mexico in the coming years. For example, if beef consumption increases a modest 25 percent from the 1999 level of 2,200 (K Metric Tons) to 27 kgs. per person by the year 2005, total beef demand will reach 2.7 million metric tons, approximately 94 percent more than the current production levels in Mexico. It is unlikely that Mexico can increase its slaughter rates to accommodate this demand and rebuild herds. Under a stable Mexican economy and in the absence of border issues, FAS/Mexico estimates that total Mexican beef imports have the potential to reach 400,000 metric tons by the year 2001.

The long-term benefits of NAFTA to the U.S. and Mexico's red meat industry will accrue basically through positive macroeconomic developments facilitated by increased economic integration. As the Mexican economy grows through this integration, consumer purchasing power will increase, as will demand for U.S. red meat products by Mexico's growing population.

Policy

On April 28, 2000, the Secretariat of Commerce and Industrial Development (SECOFI) published in the Mexican *Diario Oficial* (Federal Register) a final finding in the antidumping complaint against exporters of U.S. beef meat and edible offals (HTS# 0201.10.01, 0202.10.01, 0201.20.99, 0201.30.01, 0206.21.01, 0206.22.01 and 0206.29.99). SECOFI's finding assesses compensatory duties against several products and U.S. exporters. Nevertheless, selected products from certain U.S. exporters are exempt from additional duties. All duties are specific, in U.S. dollars. (See MX0060). Since the implementation of the antidumping duties, U.S. exports have not been negatively impacted. In fact U.S. exports of beef and variety meats have increased. Mexican importers have made the necessary adjustments to allow trade to flow. In some cases importers have changed suppliers to be able to import at the lower duty consolidating the supply market.

On June 12, 2000, Mexico published amendments to Mexico's Federal Law for Animal Health which has the potential to impede U.S. exports because all verification and inspection points which are currently located on the U.S. side of the border, will have to be located in Mexico. The problem is Mexico does not have adequate facilities, and is not likely to have them in the near future, to handle the volume of inspections that are currently conducted on the U.S. side. The amendments allow the inspections to continue on the U.S. side for not more than twelve months but only if they meet very stringent requirements which only a few of the existing facilities currently can meet. (See MX0092)

Marketing

No change from our previous report MX0013.

SWINE AND PORK MEAT

Production

The pork meat forecast for 2001 is estimated to reach 1,080 million metric tons, 4.4 percent more than the previous year's revised figure due to expected improvement in demand fueled by the improving disposable income of the population. The estimate for 2000 is 1,034 million metric tons representing an increase of 5.5 percent from the previous year due to increased demand from a growing population and an improving economy.

According to official data Mexico's pork meat production in 1999 reached a figure of 990 million metric tons.

Consumption

The slaughter forecast for 2001 is expected to reach 13.7 million head 1.1 percent above the previous year's revised estimate due to increasing consumer demand. The slaughter rate for 2000

is revised upward 0.4 percent from the previous estimate also due to the improving economy and more disposable income of the population. Hog slaughter rates in 1999 increased 1.5 percent from the previous estimate reflecting official data. The hog slaughter figures in the PS&D tables of this report are obtained from official published data, however, according to reliable industry sources, such as the National Livestock Confederation (CNG) and government sources, 15 to 20 percent of total swine slaughter is performed in in-situ slaughterhouses and on-farm. Therefore, FAS/Mexico slaughter estimates and forecasts have been calculated based on official and industry statistics, with a percentage allowed for unreported swine slaughter.

Trade

The forecast for live hog imports for 2001 is expected to remain unchanged from the previous year's revised estimate due to increasing domestic production. Live hog Imports for 2000 are expected to increase more than twofold from our previous estimate as domestic consumption is expected to increase due to affordable prices and increased disposable income of the population. Swine imports for 1999 have been revised upward by 21.7 percent from the previous estimate to reflect official data and increased consumption of a population benefitting from an improved economy.

Pork meat imports for 2001 are forecast to remain unchanged from the previous year's revised estimate, due in part, by the antidumping duties imposed on live hogs as a result of the final ruling by the Mexican authorities and the increase in domestic production. The import estimate for 2000 has been revised upward by 36.3 percent from our previous estimate due to the expected increase in demand fueled by improved disposable income of the population and the continued slackness in the application of the antidumping duties. Exports of pork meat have remained stable for the past three years at between 30,000 and 33,000 metric tons.

As a result of the final ruling on the antidumping case against imports of live hogs for slaughter from the U.S., and after having achieved some protection against imports of live hogs, the Mexican market turned to increased imports of pork meat. After the 1998 ruling on live hogs, for example, imports of pork meat actually increased. In 1998 Mexico imported 91 thousand metric tons (PWE) of fresh and frozen pork meat representing 89.6 percent over the previous year's imports of 48,000 metric tons (PWE) in 1997.

For 1999 imports of pork meat grew to 114 thousand metric tons (PWE) or 148 thousand metric tons (CWE) 25.2 percent above the previous year's imports. What is evident here is that the compensatory duties on live hogs provides an incentive to import pork meat instead of the hogs. Furthermore, some importers have resorted to obtaining court injunctions (amparos) to avoid the application and payment of the compensatory duties which emerged from the final ruling of the antidumping case against live hogs. A tempering influence on pork demand could be Mexico's increasing poultry consumption, although the extent of such substitution cannot be easily forecast.

Policy

See second paragraph of Policy for Cattle in this report.

Marketing

No Change from our previous report MX0013.