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## Mexico

## Poultry and Products

## Annual

## 2006

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**Report Highlights:**

Mexico's poultry industry is forecast to continue growing during MY 2007 (Jan-Dec), as the trend toward vertical integration in the chicken industry continues. Imports of U.S. poultry and poultry products are also forecast to increase. Chile is emerging as a more significant supplier of frozen poultry for further processing as Mexican importers look to diversify suppliers. Turkey consumption is expected to continue increasing in 2007, along with production and imports. Mexico's avian influenza restrictions on 11 Texas counties continues to remain in place.

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Includes PSD Changes: Yes  
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[MX]

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## SECTION I. SITUATION AND OUTLOOK

### POULTRY SITUATION AND OUTLOOK

Chicken meat production is again expected to increase in 2007. Growth in chicken production continues to surpass both beef and pork, as Mexico's rapidly growing poultry industry becomes concentrated, integrated, and modern. The industry appears to have benefited from the safeguard agreement that was signed in July of 2003, which established a tariff-rate quota (TRQ) for imports of U.S. chicken leg quarters (CLQs). Some producers are taking steps to improve quality and sanitary practices while attempting to seek new export opportunities. Mexico does not yet have an equivalency agreement with USDA's Food Safety Inspection Service that would allow for exports of domestically produced poultry meat and egg products to the United States. Officials continue to work towards this objective.

Imports of both chicken and turkey meat are forecast to increase in 2007 in response to strong demand from Mexican food processors for mechanically separated meat and cuts for further processing. CLQ imports were strong during the first quarter of 2006 due to low international prices, which will likely result in filling the 2006 TRQ. More CLQ's are expected to be imported over quota, beyond the border, due to strong demand and solid prices.

Sanitary restrictions remain in place for 11 counties in Texas due to an outbreak of HPAI in 2004. USDA continues to work with SAGARPA to remove these restrictions. Data included in this report is not official USDA data. Official USDA data is available at <http://www.fas.usda.gov/psd>.

## SECTION II. STATISTICAL TABLES

## POULTRY MEAT, BROILER PS&amp;D

Mexico						
Poultry, Meat, Broiler	(1000 MT)(MIL HEAD)					
	2005 Revised		2006 Estimate		2007 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2005		01/2006		01/2007	
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	2,510	2,498	2,635	2,610	0	2,724
Whole, Imports	0	0	0	0	0	0
Parts, Imports	374	378	395	400	0	424
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	374	378	395	400	0	424
<b>TOTAL SUPPLY</b>	<b>2,884</b>	<b>2,876</b>	<b>3,030</b>	<b>3,010</b>	<b>0</b>	<b>3,148</b>
Whole, Exports	0	0	0	0	0	0
Parts, Exports	1	0	1	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	1	0	1	0	0	0
Human Consumption	2,883	2,876	3,029	3,010	0	3,148
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2,883	2,876	3,029	3,010	0	3,148
TOTAL Use	2,884	2,876	3,030	3,010	0	3,148
Ending Stocks	0	0	0	0	0	0
<b>TOTAL DISTRIBUTION</b>	<b>2,884</b>	<b>2,876</b>	<b>3,030</b>	<b>3,010</b>	<b>0</b>	<b>3,148</b>
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Not Official USDA Data

## POULTRY MEAT, TURKEY PS&amp;D

Mexico							
Poultry, Meat, Turkey	(1000 MT)(MIL HEAD)						
	2005 Revised		2006 Estimate		2007 Forecast		
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin	01/2005		01/2006		01/2007		
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	13	14	13	14	0	15	
Whole, Imports	0	0	0	0	0	0	0
Parts, Imports	185	187	195	195	0	203	
Intra EC Imports	0	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0	0
TOTAL Imports	185	187	195	195	0	203	
<b>TOTAL SUPPLY</b>	<b>198</b>	<b>201</b>	<b>208</b>	<b>209</b>	<b>0</b>	<b>218</b>	
Whole, Exports	1	0	1	0	0	0	0
Parts, Exports	0	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0
TOTAL Exports	1	0	1	0	0	0	0
Human Consumption	197	201	207	209	0	218	
Other Use, Losses	0	0	0	0	0	0	0
Total Dom. Consumption	197	201	207	209	0	218	
TOTAL Use	198	201	208	209	0	218	
Ending Stocks	0	0	0	0	0	0	0
<b>TOTAL DISTRIBUTION</b>	<b>198</b>	<b>201</b>	<b>208</b>	<b>209</b>	<b>0</b>	<b>218</b>	
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	0

Not Official USDA Data

**BROILERS WET MARKET PRICES**

BROILERS <sup>®</sup> WET MARKET PRICES, MEXICO CITY PESOS/KILOGRAM				
MONTH	2004	2005	2006	% Change 05/06
JANUARY	18.08	21.63	23.04	6.51
FEBRUARY	18.17	22.38	22.50	0.53
MARCH	19.63	22.50	22.73	1.02
APRIL	18.88	22.83	19.25	(15.68)
MAY	16.83	23.00	26.50	15.21
JUNE	19.35	22.00	N/A	N/A
JULY	20.38	22.67	N/A	N/A
AUGUST	20.25	22.17	N/A	N/A
SEPTEMBER	20.21	21.38	N/A	N/A
OCTOBER	18.10	20.25	N/A	N/A
NOVEMBER	18.50	21.75	N/A	N/A
DECEMBER	19.40	19.00	N/A	N/A
ANNUAL AVG.	18.98	21.80	21.88	N/A

<sup>®</sup> WHOLE CHICKEN INCLUDING OFFAL

SOURCE: NATIONAL POULTRY ASSOCIATION, UNA.

**CHICKEN LEG QUARTER WHOLESALE PRICES**

CHICKEN LEG QUARTER WHOLESALE PRICES, MEXICO CITY PESOS/KILOGRAM				
MONTH	2004	2005	2006	% Change 05/06
JANUARY	18.34	21.96	17.00	(22.58)
FEBRUARY	18.83	22.55	17.96	(20.35)
MARCH	20.10	20.95	18.91	(9.73)
APRIL	18.62	18.08	18.30	1.21
MAY	18.50	20.34	20.87	2.60
JUNE	19.20	22.98	24.66	7.31
JULY	21.84	27.75	N/A	N/A
AUGUST	22.40	27.07	N/A	N/A
SEPTEMBER	19.64	22.32	N/A	N/A
OCTOBER	19.55	18.23	N/A	N/A
NOVEMBER	20.32	17.17	N/A	N/A
DECEMBER	21.16	18.78	N/A	N/A
ANNUAL AVG.	19.87	21.51	18.60	N/A

SOURCE: NATIONAL INFORMATION MARKET SERVICE, (SNIIM)

2004 EXCHANGE RATE AVG.: U.S.\$1.00 = 11.29 PESOS

2005 EXCHANGE RATE AVG.: U.S.\$1.00 = 10.90 PESOS

JUNE 22, 2006 EXCHANGE RATE: U.S. \$1.00 = 11.44 PESOS

## MEXICAN IMPORTS FOR SELECTED POULTRY PRODUCTS Jan-Dec 2005

H.S. TARIFF NUMBER	DESCRIPTION & COUNTRY OF ORIGIN	VOLUME MT
0105.11.01	Day old chicks, which do not need feeding during transport	
	U.S.	1,628
	FRANCE	50
	OTHER	74
	SUBTOTAL (Thousand head)	1,752
0105.11.02	Breeding stock, layer-type with selected breed certificate when imports are no more of 15,000 heads in each operation	
	U.S.	623
	FRANCE	8
	OTHER	6
	SUBTOTAL (Thousand head)	637
0105.11.99	Other	
	U.S. and subtotal	223
0105.19.99	Other (Chickens)	
	U.S.	4
	FRANCE	4
	OTHER	0
	SUBTOTAL (Thousand head)	8
0207.11.01	Other fresh or chilled whole poultry	
	U.S. and subtotal	10,552
0207.12.01	Other frozen whole poultry	
	U.S.	660
	CHILE	26
	SUBTOTAL	685
0207.25.01	Whole frozen turkey	
	U.S.	2,472
	CHILE	2,474
	OTHER	0
	SUBTOTAL	4,946
0207.33.01	Whole ducks, geese & guineas frozen	
	U.S.	961
	OTHER	29
	SUBTOTAL	990
0207.26.01	Mechanically deboned turkey meat	
	U.S. and subtotal	12,874
0207.26.99	Fresh & chilled turkey parts	
	U.S.	104,436
	Other	0
	SUBTOTAL	104,436
0207.13.01	Mechanically deboned chicken meat fresh or Chilled	
	U.S. and subtotal	112,582
0207.14.01	Mechanically deboned chicken meat frozen	
	U.S.	39,575
	CHILE	12,665
	SUBTOTAL	54,240
0207.13.99	Fresh & chilled chicken parts	
	U.S. and subtotal	1,927
0207.14.99	Frozen poultry parts	
	U.S.	3,665
	OTHER	31,572
	SUBTOTAL	35,237
0207.13.03	Chicken Leg Quarter, Fresh/chilled	
	U.S.	56,228
	OTHER	0
	SUBTOTAL	56,228
0207.14.04	Chicken Leg Quarter, Frozen	
	U.S.	69,552

H.S. TARIFF NUMBER	DESCRIPTION & COUNTRY OF ORIGIN	VOLUME MT
	OTHER	1,485
	SUBTOTAL	71,037
0207.27.01	Mechanically deboned turkey meat, frozen	
	U.S.	9,581
	OTHER	4,188
	SUBTOTAL	13,769
0207.27.99	Frozen turkey parts	
	U.S.	36,790
	OTHER	1,861
	SUBTOTAL	38,651
0207.36.99	Duck, geese or guineas cuts, frozen	
	U.S.	49
	OTHER	2
	SUBTOTAL	51
0207.14.02 & 0207.36.01	Poultry livers	
	U.S. and subtotal	2
0407.00.01	Table eggs, fresh, including hatching eggs	
	U.S.	343
	OTHER	0
	SUBTOTAL	343
1601.00.01	Sausages of broiler or turkey	
	U.S.	14,684
	OTHER	20
	SUBTOTAL	14,704
1602.31.01	Processed meat (Turkey)	
	U.S.	2,228
	OTHER	178
	SUBTOTAL	2,406
1602.32.01	Prepared or preserved chicken meat or offal	
	U.S.	5,479
	OTHER	1,428
	SUBTOTAL	6,907
1602.39.99	Other processed poultry meat	
	U.S.	16
	SPAIN	9
	OTHER	9
	SUBTOTAL	34
0207.13.02	Chicken carcasses	
	U.S. & subtotal	13,014
0207.14.03	Chicken carcasses	
	U.S. & subtotal	3,747
0207.26.02	Turkey carcasses	
	U.S. & subtotal	0
0207.27.03	Turkey carcasses	
	U.S. & subtotal	19

SOURCE: GLOBAL TRADE INFORMATION SERVICES, INC. "WORLD TRADE ATLAS" MEXICO EDITION, MARCH 2006.

**PER CAPITA CONSUMPTION**

PER CAPITA CONSUMPTION			
Products / pounds	2004	2005	2006 <sup>②</sup>
EGGS	47.35	48.90	49.28
CHICKEN MEAT	51.54	53.28	55.06
TURKEY MEAT <sup>③</sup>	3.21	4.09	4.77

SOURCE: UNA (NATIONAL POULTRY ASSOCIATION)

<sup>②</sup> FORECAST<sup>③</sup> INCLUDES WHOLE TURKEY, TURKEY PARTS AND PROCESSED PRODUCTS.**POULTRY NUMBERS**

MEXICO: POULTRY NUMBERS, 2005	
Type of Bird	Thousand of Head
Laying Hens in production <sup>④</sup>	130,704,095
Pullets in grow out	39,211,228
Light Breeding Hens in production	912,161
Light Breeding Hens in grow out	380,486
Heavy Breeder Hens in production	9,022,000
Heavy Breeder Hens in grow out	6,123,000
Heavy Progenitor Hens in production	171,941
Heavy Progenitor Hens in grow out	113,090
Broilers (Per cycle)	243,384,207
Turkeys (Per cycle)	865,000
Total Poultry Flock	430,888,208

<sup>④</sup>THERE ARE AN ESTIMATED 32 MILLION LAYING HENS IN THE SECOND CYCLE

SOURCE: UNA (NATIONAL POULTRY ASSOCIATION)

**SECTION III. NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING****CHICKEN MEAT****PRODUCTION**

Mexican chicken meat production for MY 2007 (Jan-Dec) is forecast to increase to 2.7 million tons or about 4.3 percent from MY 2006 production. Chicken producers continue to enjoy favorable demand for their products. Effective marketing campaigns, strong financial positions among chicken processors, and continued improvement in product quality are expected to contribute to increased production. However, the industry is anticipating a slow down in production compared to previous years due to continued growth in poultry imports. Producers have benefited from the trade protection afforded by the safeguard agreement for chicken leg quarters (CLQs) that has been in place since 2003. The safeguard has enabled Mexico's poultry industry to invest in modern technologies to enhance their competitive position when the safeguard is removed in 2008. Nonetheless, some producers remain concerned about whether or not they will be competitive in 2008, even though poultry will continue to be cheaper relative to other meats in Mexico.

The poultry industry is also expecting a slowdown for MY 2006 due to continued growth of chicken imports as well as an increase in feed costs. Major producers have opted to direct capital resources to improving technology along with sanitary and quality systems in an effort to better compete against imports and enhance export prospects, rather than simply maximizing production. The estimate for MY 2005 production was adjusted slightly downward based on final industry data.

Feed costs in Mexico represent 55 to 60 percent of the total cost of production. Poultry producers continue to be major users of imported feedstuffs from the United States. Producers indicate that 60 percent of their imports are comprised of sorghum and yellow corn, 23 percent from oilseeds and protein meals, and 17 percent from other products such as safflower, orthophosphate, calcium, and methionine. Poultry producers tend to prefer yellow corn to sorghum because of its better nutritional value and the color it gives to the birds' skins. The poultry industry buys yellow corn domestically but since it is not sufficient to cover demand, yellow corn is imported from the U.S. at higher prices. However, more cracked corn is imported due to higher demand from the industry and the need to avoid the NAFTA corn tariff rate quota (TRQ). According to the Poultry Producers Association (UNA), feed consumption for MY 2005 was estimated at 13.2 MMT, (8.3 MMT of feed grains, 2.6 MMT of oilseeds and protein meals, and 2.3 MMT of other raw materials). Producers also complain that higher prices for electricity, packing materials and transportation costs continue to add to production costs.

The average bird grow-out period depends largely on where and how the bird will be sold. For live birds and whole chickens including offal, which are commonly sold in street markets, the average grow-out period is 49-56 days. Birds for the broiler market (whole chicken without offal) have an average grow-out period of 40-44 days. Those grown for sale in supermarkets (whole chicken without offal and chicken cuts) are typically grown-out in 44-49 days. The average daily gain is 36-44 grams per bird. The average bird weight when marketed increased in 2006 from 1.92 kg to an average of 2.2 kg. The poultry industry reports that the average feed conversion ratio is 2.2 kg of feed to 1 kg of poultry meat.

Industry consolidation and investment in infrastructure are expected to continue in the medium-term, which, in turn, is expected to spur the expansion of large, vertically integrated companies. In 2005, three leading companies accounted for 52 percent of total domestic production of chicken meat. Over the next three to four years, the industry is expected to

consolidate further and these three companies are expected to account for an even larger share of production. Medium-size companies will likely merge into cooperatives and associations, with smaller players becoming contract producers.

CHICKEN FARM COMPOSITION				
	COMPANIES		% PARTICIPATION IN PRODUCTION	
	1996	2005	1996	2005
LARGE	2	3	33	54
MEDIUM	27	32	40	40
SMALL	181	165	27	6

Source: UNA

U.S. firms are significant suppliers of genetics to the Mexican poultry industry and an estimated 97 percent of Mexican broilers come from lines produced by two U.S. companies. For layers, about 91 percent of production is white eggs and U.S. firms are also the dominant suppliers of genetic lines.

## CONSUMPTION

Chicken meat consumption for MY 2007 is forecast to increase by almost 5 percent due to several factors, including population growth, the affordability of chicken relative to other meats, effective marketing campaigns, increased usage in processed food products, and improved product quality. Lower tariffs for chicken CLQs under the terms of the safeguard agreement (see trade section) are expected to result in expanded trade beyond the border region. Supermarkets frequently display imported poultry meat including CLQ's. Increased consumer concerns about cholesterol and other health issues are resulting in greater marketing opportunities for chicken meat.

The MY 2006 domestic consumption estimate was revised slightly downward from previous estimates, but still represents a 5 percent increase compared to MY 2005 consumption. This increase is a result of more demand for imported chicken meat at affordable prices and increased usage in processed food products. Since CLQ prices in the U.S. were lower during the first quarter of 2006 due to larger supplies, Mexico imported more product for border areas, the processing industry, and interior markets. CLQ bulk prices in the U.S. dropped from about US\$ 0.21/lb in January to about US \$0.14/lb in March 2006; while CLQs imported into Mexico were about US \$0.60 to US \$0.70/lb during March/April 2006. CLQ prices have since rebounded, which could slow import growth during the last half of the year. Domestic wholesale CLQ prices in Mexico City were about US \$0.69/lb in January 2006 and increased to US \$0.77/lb in March 2006. The Poultry Producers Association estimates that the average per capita consumption for chicken has increased from 53.28 pounds in 2005 to 55.06 pounds for 2006. The consumption estimate for MY 2005 was revised slightly downward based on final industry information and reduced production estimates.

Consumers continue to prefer fresh whole chickens to chicken cuts. Purchases of chicken cuts are increasing slowly, mainly in supermarkets servicing higher-income consumers. Mexican consumers tend to prefer dark meat to white meat. According to current industry information, roasting chickens (whole chicken without offal) account for 26 percent of chicken meat consumption, while chickens sold in wet markets and stalls (whole chicken including offal) account for approximately 25 percent of the total. Live birds represent 28 percent of total chicken meat consumption. The trend in buying live chickens has decreased in during the past ten years from 49 percent in 1994 to just 28 percent in 2005. Chicken meat consumption purchased in supermarkets increased from 5 to 7 percent in 2005 (whole chicken without offal), and chicken cuts account for less than 11 percent of total consumption. Value-added products account for about 4 percent of total consumption.

## TRADE

Chicken and turkey meat are the primary poultry products imported by Mexico. The processing industry imports most of the mechanically separated poultry, chicken and turkey (MSC & MST), and poultry cuts as inputs for the domestic sausage and cold-cut industries. Imports of chicken cuts, mainly leg quarters, and mechanically separated chicken (MSC) for MY 2007 are forecast to increase by about 6 percent over MY 2006, due to rising demand from the processing industry. Large meat processors prefer fresh, refrigerated product while medium-small sized processors tend to use frozen product. Imports of chicken meat for MY 2006 were revised upward reflecting stronger demand for imported CLQ's due to lower U.S. prices during the first quarter of 2006. MY 2005 import data was revised slightly upward based on Mexican trade data. The United States is the main supplier of chicken meat to Mexico. However, Chile's presence in the poultry market is expected to continue increasing as importers seek to diversify suppliers in response to changing disease conditions in North America. Chile currently supplies about 28 percent of frozen chicken cuts into Mexico.

CLQ's imported under the poultry safeguard (see report MX 3099) are expected to reach the 103,030 MT tariff-rate-quota (TRQ) limit for MY 2006. According to official data, the CLQ TRQ for MY 2005 was 91 percent filled or 93,307 MT. During 2005 there were almost 10,000 MT of CLQ's imported over quota. According to industry trade data, imported CLQs under H.T.S. 0207.13.03 & 0207.14.04 were 62,063 MT as of May 2006, above the 47,281 MT imported during the same period in 2005. Imports of CLQs beyond border areas are subject to an over quota tariff of 39.5 percent for 2006. The safeguard will end in January 2008, when the TRQ is phased out and the high-tier tariff drops to zero, as the following table shows:

YEAR	TRQ (MT)	TARIFF	HIGH-TIER TARIFF
2003	100,000	0	98.8
2004	101,000	0	79.0
2005	102,010	0	59.3
2006	103,030	0	39.5
2007	104,060	0	19.8
2008	0	0	0

The poultry industry in Mexico has been concerned about CLQ "leakage" following the signing of the July 2003 safeguard agreement. This leakage has reportedly occurred in two forms, via companies who obtained court injunctions (amparos) exempting them from the terms of the safeguard agreement and through under invoicing of CLQs subject to the high-tier tariff under the terms of the safeguard agreement. To address concerns about under invoicing, the government announced on February 25, 2005, a reference price for CLQs of US \$0.667/kg (US \$0.30 per lb), for imports that do not have a duty-free import certificate (cupo) to import under the current tariff-rate quota (TRQ) for CLQs (see report MX5031.)

Concerns over the presence of Low Pathogenic Avian Influenza (LPAI) and High Pathogenic Avian Influenza (HPAI) in the United States resulted in the establishment, by SAGARPA, of import restrictions for poultry and poultry products from several U.S. states during 2003 and 2004. Some of these restrictions on LPAI were lifted in October 4, 2005, but the HPAI restrictions remain for the following Texas counties: Gonzales, Guadalupe, Galdwell, Bastrop, Fayette, La Vaca, De Witt, Karnes, Wilson, Comal and Hays. USDA technical experts continue to work with SAGARPA in an effort to remove these restrictions.

As expected, on January 30, 2006, SAGARPA published a modification to NOM-044-ZOO-1995 "National Campaign against Avian Influenza" (See report MX6013). The purpose of this

modification was to implement measures to maintain the current zoonosanitary status that Mexico holds regarding the presence of LPAI, and to keep the Mexican poultry sector free of the HPAI strain virus in light of the recent world situation regarding this disease. SAGARPA deems any LPAI strain other than H5N2 as being exotic to Mexico. Although, there were concerns that the new measures would impact poultry trade, talks between USDA and SAGARPA resulted in a smooth implementation on April 1, 2006. (See Policy Section)

The following table summarizes some of the regulations that are currently being implemented by the Mexican government for imports of live poultry and poultry meat from the United States.

### REGULATIONS FOR POULTRY AND POULTRY PRODUCTS EXPORTS

ITEM	RAW POULTRY FOR RETAIL & FOR FURTHER PROCESSING	FULLY COOKED POULTRY MEAT AND EGG PRODUCTS	TABLE, SPF AND HATCHING EGGS	LIVE BIRDS
Export Status All U.S. States	YES ❶	YES	YES ❶	YES ❶
Required Language On Cleaning And Disinfection Of Trucks	YES	NO	YES	YES
Required Sealing Of Trucks At Point Of Origin	YES	NO	YES	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 END ❹	YES	YES	YES	YES
<p>❶ Imports are prohibited from the following Texas counties: Gonzales, Guadalupe, Galdwell, Bastrop, Fayette, La Vaca, De Witt, Karnes, Wilson, Comal and Hays, due to HPAI. With the exception of a few cold storage facilities, SAGARPA banned storage and consolidation of products in Texas and California. Product is allowed to be off-loaded and reloaded (cross-docking) at approved warehouses located along the Texas border and California. It is suggested to closely work with local importers and Mexican Customs Brokers to determine the cold storage and non-cold storage facilities over the US border in Texas &amp; California that are approved by SAGARPA to store products and conduct cross-docking operations.</p> <p>❷ SPF, hatching eggs and live birds should be freely marketed in the U.S.</p> <p>❸ When a plant and farm/flock is registered under the National Poultry Improvement Plant (NPIP), the Agar Gel or ELISA test will not be required; otherwise the tests will be required by SAGARPA.</p> <p>❹ END 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. "</p> <p>For additional information regarding poultry meat and egg products exports to Mexico see the web page USDA/FSIS/Export Library at <a href="http://www.fsis.usda.gov">http://www.fsis.usda.gov</a> (Export Requirements for meat and poultry products).</p>				

## POLICY

Due to Mexico's concerns over the avian influenza world situation, and as had been announced, on January 30, 2006, SAGARPA published a modification to NOM-044-ZOO-1995 "National Campaign against Avian Influenza". This regulation was first implemented in August 14, 1996. One main issue that caused concern was the AI testing that SAGARPA required to import poultry and poultry products. However, SAGARPA and USDA agreed that the U.S. National Poultry Improvement Plan (NPIP) would be deemed as an equivalent program to NOM-044. Modifications to NOM-044 were fully implemented in April 1, 2006. The SAGARPA import requirements are outlined in the Zoonanitary Import Requirement Sheets (HRZ) by types of products and currently, raw poultry imports should comply with one of two options regarding the 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.

## MARKETING

Generic advertising campaigns have been successful in increasing domestic consumption of poultry products in Mexico. Currently, most poultry meat in Mexico is sold as whole birds. The local industry supplies and delivers whole birds through wholesale public and wet markets overnight to the major cities. Sales of chilled or refrigerated poultry meat through supermarkets account for less than 10 percent of overall consumption. However, Mexico's supermarket segment is growing rapidly and now accounts for about 40 percent of overall food sales in Mexico. As the industry expands, the share of poultry sold via supermarkets is expected to grow as consumers become more accepting of poultry cuts and other poultry products. USAPEEC's Mexico office has actively promoted poultry products in various large retail and food service exhibitions within USDA/Agricultural Trade Show Pavilions like ANTAD and ABASTUR. For cooked and processed poultry products, USAPEEC has also participated in EXPHOTEL and EXPO-AGROALIMENTARIA. USAPEEC will continue to support marketing strategies within the NEPP (NAFTA Egg and Poultry Partnership), which promotes the exchange of information and technical expertise between both the U.S. and Mexican poultry industries. Mexico's poultry industry as well as USAPEEC's Mexico office distributed information and launched a series of advertisements to inform Mexican consumer about avian influenza.

## TURKEY MEAT

### PRODUCTION

Turkey meat production for MY 2007 (Jan-Dec) is forecast to increase to 15,000 MT as domestic demand for turkey meat continues to strengthen. Production for MY 2005 and MY 2006 were revised upward to 13,840 and 14,400 MT. However, domestic producers continue to face competition from U.S. and Chilean imports. Domestic turkey meat production represents less than 10 percent of total poultry meat consumption. Domestic firms sell about 75 percent of their production as uncooked whole turkeys for the Christmas season. The balance is sold as domestic turkey cuts and further-processed products such as turkey patties, nuggets, cold cuts and oven-cooked turkey legs. Two companies account for almost 90 percent of total domestic production. Most turkey is produced in the states of Sonora, Chihuahua and Yucatan, which account for 40, 35 and 20 percent, respectively, of total Mexican turkey production.

Genetics are usually sourced from the United States. The main turkey breeding flocks in Mexico are Buta with 45 percent, Orlop with 30 percent, and Nicolas with 25 percent of domestic production. Producers import almost all the progenitor stock and are also importing fertile eggs for light and heavy breeders.

## CONSUMPTION

Turkey meat consumption for MY 2007 is forecast to increase to 218,000 MT in response to growing demand for turkey products from the processing industry. Turkey meat consumption estimates for MY 2005 and 2006 were revised slightly upward due to higher demand. Consumption of turkey meat in the form of cold cuts continues to increase primarily through sales in supermarkets and delicatessen-type restaurants. Cooked hams made from blends of domestic pork and U.S. turkey thigh meat are substantially cheaper than all-pork cooked hams. Most of the whole turkey demand occurs during the Christmas season, where the average bird weight is 15 pounds. Industry sources report that consumption patterns for turkey and turkey products are changing as consumers become increasingly health conscious. The Poultry Producers Association estimates that average per capita consumption for turkey has increased from 4.0 pounds in 2005 to 4.77 pounds in 2006, including whole turkey, turkey cuts and other turkey products.

## TRADE

MY 2007 turkey meat imports are forecast to increase to 203,000 MT as demand for turkey cuts for further processing is expected to continue. Turkey meat import estimates for MY 2006 remain unchanged from previous estimates. Import estimates for MY 2005 were revised upward based on trade data. The processing industry imports most of the turkey cuts and mechanically separated turkey (MST) as inputs for the domestic cold-cuts industry since domestic production cannot supply domestic demand. Domestic meat processors use turkey thigh meat to produce cooked hams made up of blends of domestic pork and U.S. turkey thighs. Although the United States is the main supplier of turkey meat, Chile's presence in the poultry market is expected to continue as importers seek to diversify suppliers. Chilean products are competitively priced and suitable for processors who are willing to work with frozen product. Whole turkey imports from the United States as well as from Chile have increased due to higher demand. In fact, imports of whole turkeys from Chile increased from 35 percent in 2004 to 50 percent in 2005. Chilean poultry imports are duty free under the Mexico-Chile Free Trade Agreement. The leading turkey processors have been successful in gaining shelf space for fresh turkey cuts, and high value products, by targeting medium- and high-income segments of the population.

## MARKETING

Around 75 percent of Mexican production is marketed as whole turkeys during the Christmas season and approximately 25 percent is sold as cut-up and further processed turkey meat products. USAPEEC's Mexico office has launched two generic promotional campaigns aimed at increasing turkey consumption. USAPEEC, along with local turkey producers, have sponsored generic marketing campaigns to increase overall consumption of selected turkey products in Mexico. These activities are likely to continue, as turkey meat consumption has great potential for growth. USAPEEC Mexico has also participated in large retail and foodservice shows to promote further-processed poultry products (see chicken meat marketing section).