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Mexico

Livestock and Products

Annual Report

2008

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Report Highlights:
Due to higher prices for feed cattle, marginal economic performance, and increases in consumer prices, the rate of growth in red meat consumption in Mexico is expected to decelerate as many middle and lower income consumers are expected to substitute red meat for relatively cheaper poultry products. Though some government and private industry measures have been taken to moderate the increase in prices, pork and beef consumption forecasts are only slightly increased over the past two years. Live calf exports to the United States are expected to climb in 2009, but will remain below the 2007 export figure after falling in 2008. In contrast, the export of red meat is forecast to increase in the medium term.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico City [MX1]
[MX]

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SECTION I. SITUATION AND OUTLOOK

Executive Summary

Live Cattle and Beef
Mexican cattle inventories for 2009 are expected to increase 1 percent, a little more than a 0.3 percent increase for calendar year 2008 due to a 20 percent reduction in cattle exports to the United States and the higher prices of red meat. Cattle slaughter figures for 2009 are forecast to almost increase at the same increased rate as seen in 2008 (2 percent) because the need for feedlot operators to reduce inventories due to increasing feed costs. Although 2008 imports of cattle are estimated to increase by 63,000 head they are not expected to increase in 2009. In 2009, beef production and consumption are also not expected to see significant growth, while imports will grow a modest 4.6 percent. The beef production forecast for 2008 is slightly higher than the previous year (2.3 percent), while total consumption grew slightly more (3 percent) helped by increasing in imports (7 percent).

Live Hogs and Pork
In 2009 total production is expected to increase slightly, due to domestic slaughter increasing slightly compared with previous years. Ending inventories are expected to reduce for both 2008 and 2007 estimates. No growth in 2009 hog imports are expected, however, Mexico's imports of U.S. hogs are forecast to reach 225,000 head in 2008, a healthy increase from 2007. Pork production for 2009 is forecast to recuperate (2.45 percent) after decreasing very slightly in 2008 (0.7 percent). Growth in pork consumption is expected to slow in 2009 after increasing by five percent in 2008, as are 2009 imports after an expected climb by nearly 20 percent in 2008. Mexico's pork exports are forecast to continue growing both in 2008 and in 2009 as exporters take advantage of opportunities with a trade agreement signed with China.

Note: Estimates for 2009 figures are the first such estimates, while Post's 2008 forecast figures for cattle, beef, swine and pork have been revised from the previous report (GAIN report MX8014).

SECTION II. STATISTICAL TABLES

PSD Table
Country: Mexico
Commodity: Animal Numbers, Cattle **(1000 Head) (PERCENT)**

	2007 revised			2008 Estimated			2009 Forecast		
	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New
Market Year Begin	01/07			01/08			01/09		
Total Cattle Beg. Stks	26,644	26,644	26,644	26,489	26,519	26,725			27,094
Dairy Cows Beg. Stocks	2,200	2,200	2,331	2,200	2,200	2,401			2,473
Beef Cows Beg. Stocks	11,800	11,800	11,323	11,900	11,900	11,323			11,548
Production (Calf Crop)	8,000	8,200	8,200	8,250	8,350	8,350			8,500
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	83	100	81	90	95	144			144
Total Imports	83	100	81	90	95	144			144
Total Supply	34,727	34,944	34,925	34,829	34,964	35,219			35,738
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	1,070	1,300	1,089	1,150	1,200	871			890
Total Exports	1,070	1,300	1,089	1,150	1,200	871			890
Cow Slaughter	1,700	1,700	1,700	1,700	1,700	1,735			1,769
Calf Slaughter	1,500	1,500	1,500	1,500	1,500	1,530			1,561
Other Slaughter	3,400	3,400	3,400	3,500	3,500	3,469			3,538
Total Slaughter	6,600	6,600	6,600	6,700	6,700	6,734			6,868
Loss	568	525	511	525	525	520			531
Ending Inventories	26,489	26,519	26,725	26,454	26,539	27,094			27,449
Total Distribution	34,727	34,944	34,925	34,829	34,964	35,219			35,738

Not Official USDA Data

PSD Table
Country: Mexico
Commodity: Meat, Beef and Veal **(1000 Head) (1000 MT CWE) (PERCENT)**

	2007 revised			2008 Estimated			2009 Forecast		
	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New
Market Year Begin	01/07			01/08			01/09		
Slaughter (Reference)	6,600	6,600	6,600	6,700		6,734			6,869
Beginning Stocks	0	0	0	0		0			0
Production	2,200	2,200	2,202	2,225		2,253			2,293
Intra-EU Imports	0	0	0	0		0			0
Other Imports	410	375	403	420		430			450
Total Imports	410	375	403	420		430			450
Total Supply	2,610	2,575	2,605	2,645		2,683			2,743
Intra EU Exports	0	0	0	0		0			0
Other Exports	42	40	42	42		42			43
Total Exports	42	40	42	42		42			43
Human Dom. Consumption	2,548	2,515	2,563	2,583		2,641			2,700
Other Use, Losses	20	20	0	20		0			
Total Dom. Consumption	2,568	2,535	2,563	2,603		2,641			2,700
Ending Stocks	0	0	0	0		0			0
Total Distribution	2,610	2,575	2,605	2,645		2,683			2,743

Not Official USDA Data

PSD Table									
Country: Mexico									
Commodity: Animal Numbers, Swine									(1000 Head) (PERCENT)
	2007 revised			2008 Estimated			2009 Forecast		
	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New
Market Year Begin	01/07			01/08			01/09		
Total Beginning Stocks	10,250	10,250	10,250	10,410	10,410	10,134			9,351
Sow Beginning Stocks	955	955	955	960	960	925			930
Production (Pig Crop)	15,800	15,800	15,265	15,900	15,900	15,295			15,325
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	130	175	136	150	175	225			225
Total Imports	130	175	136	150	175	225			225
Total Supply	26,180	26,225	25,651	26,460	26,485	25,654			24,901
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
Sow Slaughter	15	15	15	15	15	18.0			18
Other Slaughter	14,825	14,825	14,632	14,985	14,835	15,421			16,139
Total Slaughter	14,840	14,840	14,647	15,000	14,850	15,439			16,157
Loss	930	975	870	900	975	864			862
Ending Inventories	10,410	10,410	10,134	10,560	10,660	9,351			7,882
Total Distribution	26,180	26,225	25,651	26,460	26,485	25,654			24,901

Not Official USDA Data

PSD Table									
Country: Mexico									
Commodity: Meat, Swine									(1000 Head) (1000 MT CWE) (PERCENT)
	2007 revised			2008 Estimated			2009 Forecast		
	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New	USDA OFFICIAL	Post Estimate	Post Estimate New
Market Year Begin	01/07			01/08			01/09		
Slaughter (Reference)	14,840	14,840	14,647	15,000	14,850	15,439			16,157
Beginning Stocks	0	0	0	0	0	0			0
Production	1,150	1,190	1,150	1,180	1,250	1,142			1,170
Intra-EU Imports	0	0	0	0	0	0			0
Other Imports	445	460	451	450	430	540			550
Total Imports	445	460	451	450	430	540			550
Total Supply	1,595	1,650	1,601	1,630	1,680	1,682			1,720
Intra EU Exports	0	0	0	0	0	0			0
Other Exports	81	70	80	90	80	85			90
Total Exports	81	70	80	90	80	85			90
Human Dom. Consumption	1,514	1,580	1,521	1,540	1,600	1,597			1,630
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	1,514	1,580	1,521	1,540	1,600	1,597			1,630
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	1,595	1,650	1,601	1,630	1,680	1,682			1,720

Not Official USDA Data

Note: All PS&D import and export figures for CY 2007 and 2008 are based on Global Trade Atlas (GTA) in CWE.

Trade Matrix

Animal Numbers, CATTLE					Units: 1,000 Head				
Exports to:	**2006**	**2007**	**Jan-May 2007**	**Jan-May 2008**	**Import from:**	**2006**	**2007**	**Jan-May 2007**	**Jan-May 2008**
United States	1,570.28	1,088.77	461.94	340.77	United States	0.88	10.63	1.22	22.92
Total of other	0.30	0.52	0.37	0.01	Total of other	69.03	69.96	36.30	44.05
Belize	0.08	0.27	0.24	0.01	Nicaragua	30.34	32.95	11.37	17.71
Nicaragua	0.00	0.18	0.10	0.00	New Zealand	25.12	18.73	18.73	11.15
Micronesia	0.22	0.03	0.03	0.00	Australia	11.29	18.28	6.20	13.56
Peru	0.00	0.03	0.00	0.00	Canada	0.00	0.00	0.00	1.63
Honduras	0.00	0.02	0.00	0.00	Costa Rica	2.08	0.00	0.00	0.00
Other no listed	0.09	0.00	0.00	0.06	Other no listed	0.01	0.00	0.00	0.00
Gran Total	**1,570.67**	**1,089.29**	**462.31**	**340.84**	**Gran Total**	**69.91**	**80.60**	**37.52**	**66.97**

Meat, Beef & Veal					Units: Metric Tons				
Exports to:	**2006**	**2007**	**Jan-May 2007**	**Jan-May 2008**	**Import from:**	**2006**	**2007**	**Jan-May 2007**	**Jan-May 2008**
United States	13,231	14,369	5,842	6,597	United States	224,001	232,347	89,921	105,562
Total of other	11,615	13,770	6,272	6,350	Total of other	45,274	51,001	19,437	18,619
Japan	5,089	7,294	2,721	3,852	Canada	33,805	37,553	14,864	16,200
Korea, South	3,909	3,199	1,494	1,531	Chile	3,509	2,282	1,338	514
Puerto Rico (U.S.)	1,855	2,535	1,762	617	New Zealand	4,903	2,778	1,403	528
Costa Rica	673	687	240	350	Australia	2,642	2,930	1,340	515
Dominican Republic	89	54	54	0	Uruguay	415	5,458	493	862
Other no listed	0	80	39	0	Other no listed	1,387	2,031	968	566
Gran Total	**24,846**	**28,219**	**12,153**	**12,947**	**Gran Total**	**270,662**	**285,379**	**110,326**	**124,747**

Animal Numbers, SWINE					Units: 1,000 Head				
Exports to:	**2006**	**2007**	**Jan-May 2007**	**Jan-May 2008**	**Import from:**	**2006**	**2007**	**Jan-May 2007**	**Jan-May 2008**
United States	0	0	0	0	United States	176.373	126.646	40.155	72.233
Total of other	0	0	0	0	Total of other	20.018	9.508	6.671	1.831
	0	0	0	0	Canada	20.016	9.506	6.669	1.831
	0	0	0	0	French Guiana	0.000	0.002	0.002	0.000
	0	0	0	0	Guyana	0.002	0.000	0.000	0.000
Other no listed	0	0	0	0	Other no listed	0.000	0.000	0.000	0.000
Gran Total	**0**	**0**	**0**	**0**	**Gran Total**	**196.391**	**136.154**	**46.826**	**74.064**

Meat, Swine							Units: Metric Ton		
Exports to:	2006	2007	Jan-May 2007	Jan-May 2008	Import from:	2006	2007	Jan-May 2007	Jan-May 2008
United States	7,865	7,748	3,690	2,351	United States	292,719	292,784	112,572	139,358
Total of other	40,419	52,214	20,631	22,896	Total of other	29,016	31,737	10,097	10,036
Japon	38,942	50,393	19,677	21,957	Canada	24,688	29,051	9,156	9,506
Korea, South	1,477	1,801	934	705	Chile	4,328	2,685	941	515
Aruba	0	20	20	0	New Zealand	0	0	0	15
Russia	0	0	0	0					
Korea, North	0	0	0	235					
Other no listed	0	0	0	0	Other no listed	0	0	0	0
Gran Total	**48,284**	**59,962**	**24,321**	**25,247**	**Gran Total**	**321,735**	**324,521**	**122,669**	**149,394**

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition
Figures for meat are in product weight equivalent (PWE)
Due to different sources quantities vary slightly from those in PSD tables.

Grass Fed Live Steer Average Wholesale Prices in Mexico City
(US$/Lb)

Month	2007	2008	% Change
January	0.895	0.957	6.9
February	0.906	0.992	9.5
March	0.910	0.996	9.5
April	0.911	1.020	12.0
May	0.896	1.027	14.6
June	0.833	1.087	30.5
July	0.833	1.114	33.7
August	0.905	N/A	N/A
September	0.929	N/A	N/A
October	0.937	N/A	N/A
November	0.931	N/A	N/A
December	0.945	N/A	N/A

Source: National Market Information Service (SNIIM)
N/A: Not available

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

Month	2007	2008	% Change
January	1.36	1.38	1.5
February	1.32	1.39	5.3
March	1.33	1.39	4.5
April	1.34	1.41	5.2
May	1.35	1.45	7.4
June	1.35	1.46	8.1
July	1.36	1.49	0.7
August	1.34	N/A	N/A
September	1.34	N/A	N/A
October	1.35	N/A	N/A
November	1.36	N/A	N/A
December	1.34	N/A	N/A

Source: National Market Information Service (SNIIM)
N/A: Not available

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

Month	2007	2008	% Change
January	0.579	0.650	12.3
February	0.579	0.623	7.6
March	0.575	0.616	0.2
April	0.546	0.636	16.5
May	0.534	0.702	31.5
June	0.579	0.821	41.8
July	0.627	0.903	44.0
August	0.662	N/A	N/A
September	0.664	N/A	N/A
October	0.650	N/A	N/A
November	0.609	N/A	N/A
December	0.619	N/A	N/A

Source: National Market Information Service (SNIIM)
N/A: Not available

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

Month	2007	2008	% Change
January	0.679	0.925	0.1
February	0.670	0.938	40.0
March	0.650	0.951	46.3
April	0.642	0.949	47.8
May	0.616	0.988	60.4
June	0.596	0.977	63.9
July	0.627	1.220	94.6
August	0.851	N/A	N/A
September	0.872	N/A	N/A
October	0.893	N/A	N/A
November	0.903	N/A	N/A
December	0.945	N/A	N/A

Source: National Market Information Service (SNIIM)
N/A: Not available

Cattle Slaughtered by Type of Slaughterhouses (Head)

Type	2006	2007	2008*	% Chage	
				2007/06	2008/07
TIF/1	1,794,374	1,867,045	1,980,166	4.05%	6.06%
Municipal	2,646,449	2,684,407	2,664,014	1.43%	-0.76%
In-Situ Facilities	1,998,370	2,048,153	2,089,881	2.49%	2.04%
Total	6,439,193	6,599,605	6,734,062	2.49%	2.04%

* Forecast

1/ Federally Inspected Type

Source: Built with data from Confederación Nacional de Organizaciones Ganaderas (CNOG), Servicio de Información Agroalimentaria y Pesquera (SIAP) and Estadística de Sacrificio de Ganado en Rastros Municiapales 2002-2007,INEGI.

Hogs Slaughtered by Type of Slaughterhouses (Head)

Type	2006	2007	2008*	% Chage	
				2007/06	2008/07
TIF/1	5,175,695	5,665,530	6,210,165	9.46%	9.61%
Municipal	4,838,674	5,185,523	5,225,785	7.17%	0.78%
In-Situ Facilities	3,505,029	3,795,869	4,002,583	8.30%	5.45%
Total	13,519,398	14,646,922	15,438,533	8.34%	5.40%

* Forecast

1/ Federally Inspected Type

Source: Built with data from Confederación Nacional de Organizaciones Ganaderas (CNOG), Servicio de Información Agroalimentaria y Pesquera (SIAP) and Estadística de Sacrificio de Ganado en Rastros Municiapales 2002-2007,INEGI.

Feed and Feed Ingredients Production
COMPOUND FEED SECTOR (Metric Tons)

Calendar Year:	2004	2005	2006	2007	Current Year Estimated 2008
Compound Feed Capacity	31,000,000	32,500,000	32,900,000	33,500,000	34,000,000
Total Compound Feed Produced	23,930,000	24,600,000	25,200,000	25,700,000	26,200,000
------ by integrated producers	15,390,000	15,790,000	16,100,000	16,500,000	16,640,000
------ by commercial producers	8,540,000	8,810,000	9,100,000	9,200,000	9,560,000

PROTEIN – ENERGY USAGE

Marketing Year: (Metric Tons)	2004	2005	2006	2007	Current Year Forecast 2008
Total Protein Meal (feed waste domestic consumption)	5,194,000	5,161,000	4,746,000	4,632,000	4,632,000
Soy Bean Meal (feed waste domestic consumption)	4,043,000	4,190,000	4,256,000	4,057,000	4,057,000
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption)	1,151,000	971,000	490,000	575,000	575,000
Fish Meal	N/A	N/A	N/A	N/A	N/A
Palm Crude Oil (feed waste domestic consumption)	N/A	N/A	N/A	N/A	N/A

Source: Consejo Nacional de Fabricantes de Alimentos Balanceados y de la Nutricion Animal, A.C.
N/A: Not available

From the end of 2007 to August 31, 2008, the prices of grains, principally of corn and sorghum, have increased 118 percent according to numbers given by national producers' organizations. While Mexican meat producers are currently receiving financial support from the Secretariat of Agriculture (SAGARPA) to help offset the price increases for feed grains, the overall price increases could dampen meat demand in the short and medium-term.

Additional information about feed grain use and grain trade can be obtained in GAIN reports MX8057 and MX8058 reports, the last Strategic Indicator Table for Feed was provided in the GAIN report MX8024.

Related FAS/Mexico Reports

Report Number	Title of Report	Date
MX8014	Livestock and Products. Semi-Annual Report 2008	3/7/2008
MX8017	Annual Grain & Feed Report 2008	3/12/2008
MX8024	Oilseeds and Products Annual Report 2008	4/10/2008
MX8020	Modifications to Authorized Crossing Border Points for Specific Agricultural Commodities 2008	3/25/2008
MX8023	SAGARPA Announces the Monetary Support for Swine Trade 2008	4/8/2008
MX8033	Dairy and Products. Semi-Annual 2008	5/15/2008
MX8038	Mexico Publishes Tariff Modifications on Basic Commodities 2008	5/30/2008
MX8056	Oilseeds and Products. August Oilseeds Update 2008	9/2/2008
MX8057	Poultry and Products. Annual Report 2008	9/2/2008
MX8058	Grain and Feed. August Grain and Feed Update 2008	9/2/2008

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

PRODUCTION

Beef

Beef production for 2009 is forecast to increase only marginally over 2008, reflecting dampened consumer demand resulting from higher prices. This continues the trend from 2008, as beef production forecast in CY 2008 only increased about 2 percent compared to 2007 level. Reducing the demand for beef is not only higher input costs related to feed but also as a consequence of the price increases in other costs such as petroleum, although less than one-third of Mexico's beef production comes from feedlot operations, which are most significantly affected by higher grain prices. Despite a higher slaughter, total 2009 cattle inventories are expected to increase over 2008 as feedlot placements could continue to decline, due to higher feed costs. Thus more cattle are expected to be grazed in order to avoid the higher feedlot costs.

Pork

2009 pork production is not expected to grow at any rate, although lower prices and higher quality pork and pork products could help stimulate demand. In addition, the opportunity to access new markets, the new declaration of Mexican States of Mexico and Morelos as free of porcine fever, and the Mexico hog industry trend towards vertical integration and industry consolidation give opportunities for hog production and slaughter to increase slightly in 2009. It is also estimated that swine inventories will decrease because of a higher pork demand (including exports).

The 2008 pork production forecast was revised lower than the preview estimate, and now shows a one percent decline from the 2007 estimate. Although many producers have been affected by higher feed costs, hog numbers are expected to continue growing in 2008 and in 2009.

As a result of high input costs, pork meat prices have increased considerably in Mexico this year. July 2008 prices were nearly 95 percent higher than the same period of 2007. Prices in Mexico have increased an average of 32 percent for the first seven month of CY 2008.

CONSUMPTION

The consumption of beef and pork meat will not increase at the same rate as has population growth in the current year, in part the increase in the price of grains which is reflected in the price of red meats. In addition, a substitution effect is taking place as discounts in the price of chicken have been offering by Mexican Poultry producers to reduce the over-supply of chicken meat. This has led consumers to look to poultry as a protein source and will repress the per capita growth of beef and pork meat consumption.

Beef

Beef consumption is expected to grow at a slightly minor pace in 2009 (2.2 percent) than in 2008 (3 percent). Due to, as mentioned previously, higher prices of beef are causing significant changes in middle and lower income consumers' purchasing decisions. This type of meat is the first to be substituted when prices increased and poultry oversupply has and will continue to make the price relationship even more favorable for substitution in the short term. Only the upper-middle and higher income consumer can support the higher price of beef without looking to change consumption patterns.

Pork

Mexico's pork consumption increase rate is expected to slow in 2009 after revised estimates show an increase of 5 percent in consumption in 2008. Although pork consumption may increase slightly, the consumer perception of pork meat and a greater tendency to eat less red meat for health purposes remains the binding constraint to greater consumption growth.

Due to a sufficient supply and attractive price, Mexico's sausage companies continue to use imported U.S. pork variety meats. Although Mexican hog producers and government are pressuring sausage companies to buy domestic product, the offer of pork meat from federally inspected slaughter facilities in Mexico is limited.

TRADE

Beef

Mexican cattle exports to the United States is forecast to increase in 2009 reversing a downward trend in 2007 and 2008. The decrease in the export of calves to the United States in 2008 is primarily due to low replacement demand of cattle in the U.S. feeding pens because of the increase in production costs (raw material for feeding cattle and fixed costs in transport).

While not expected to grow in 2009, the new estimate for Mexico's cattle import figure is roughly 144,000 head of cattle in 2008, nearly 78 percent more than 2007 data. Although Nicaragua, New Zealand, and Australia were the main suppliers of cattle to Mexico in previous years, it appears that this year U.S will be the largest supplier, close to U.S. export levels in 2002 (pre-BSE cattle, 150,000 head).

For 2009, an increase in Mexican beef exports is expected as a consequence of greater stability in prices and the benefit of new markets such as Russia and Singapore. Although not currently allowed, the Russian Government has recently audited 11 Mexican establishments in an effort to officially certify them. The forecast for Mexican exports of red meat (pork and beef) during 2008 will not show the same growth as that of 2006 to 2007 (13.6 percent) because of internal efforts to strengthen its domestic inspection and safety systems causing a temporary halt to exports.

Beef imports from the U.S, as well as from Canada, are expected to increase at a marginal rate in 2009, despite higher beef prices. More impressively, total beef imports from the U.S. are expected to increase in 17 percent in 2008. This volume continues to include 90 percent boxed beef and 10 percent beef carcasses.

Pork

In 2009 pork exports will increase considerably if Mexico finally gains access to the Chinese market. In July 2008, Mexico and China signed documents that will permit recognition of the inspection systems in both countries, and lead to increased export opportunities.
In spite of the food crisis, it is also expected that 2008 exports of pork will have a greater level of growth than 2007 because of an improved sanitary conditions in Mexico where many states have now been declared free of classic porcine fever. The Mexican Government is pushing the international market to recognize this, which will permit more Mexican companies to export, primarily to Japan.

Growth in Mexican pork imports are expected to slow in 2009 after showing strong growth in 2008 due to increased domestic production in Mexico. However, Mexico will continue being a strong market for U.S. pork variety meats, lard, and greases. Due to a reduction in domestic supply, pork imports for 2008 are now forecast at 514,000 MT, which is nearly 22 percent higher than the 2007 revised data.

Post anticipates a 3.5 percent increase in U.S. hog exports to Mexico in 2009, at a slower pace than accelerated rates in 2008. U.S. hog exports to Mexico in 2008 are now estimated at 280,000 head, 58 percent more than imports for the same period in 2007.

POLICY

The animal feed companies and animal producers are passing through a difficult period in 2008 due to the higher grain prices, a tendency which will continue for the rest of the year. An element that could help compensate for the increase in feed costs and also in prices of red meat is the money that SAGARPA has been authorized to use to provide a subsidy for the purchase of feed inputs. For each ton of domestic grain (white corn, yellow corn, sorghum and wheat) feeders of chicken, pork and beef purchase, they will then receive 200 pesos from the Government. The purpose of this measure is to support meat production at a reasonable cost in order to provide consumer sufficient supply without significant increases in prices.

Beef

Although in May 2008, Mexico received a “Controlled Risk” categorization from the OIE, the Mexican border is still closed (since January 2003) for following products from U.S. and Canada.

- Live cattle (except for dairy cattle under 24 months)
- Boneless and bone-in meat from cattle 30 months of age or older
- Bovine offal and viscera other than those currently authorized
- Products derived from non-protein-free tallow
- Gelatin and collagen prepared from bone
- Ruminant meal
- Ground beef

Pork

Mexican pork producers continue to spend considerable time and energy appealing to both the Mexican and U.S. governments for aid and assistance. Several times they have asked Congress and Government to apply protectionist policies. The latest request was to impose the same rules as those that the U.S applies to Mexico and they have also successfully lobbied to reduce of the numbers of Mexican border crossings authorized to inspect meat products. For more information about imports and policy issues see GAIN report MX8014.

Current Mexican Import Tariff

Tariff number	Product Description	Unit	General MFN Rate	From US Rate
CATTLE				
01021001	Reproductores de raza pura.	Head	Ex.	Ex
01029001	Vacas lecheras.	Head	Ex.	Ex
01029002	Con pedigree o certificado de alto registro, excepto lo comprendido en la fracción 0102.90.01.	Head	Ex.	Ex
01029003	Bovinos para abasto, cuando sean importados por Industrial de Abastos.	Head	15	Ex
01029099	Los demás.	Head	15	Ex
SWINE				Ex
01031001	Reproductores de raza pura.	Head	Ex.	Ex
01039101	Con pedigree o certificado de alto registro.	Head	9	Ex
01039102	Pecarís.	Head	20	Ex
01039199	Los demás.	Head	20	Ex
01039201	Con pedigree o certificado de alto registro.	Head	9	Ex
01039202	De peso superior a 110 kg, excepto lo comprendido en las fracciones 0103.92.01 y 0103.92.03.	Head	20	Ex
01039203	Pecarís.	Head	20	Ex
01039299	Los demás.	Head	20	Ex
BEEF MEAT	**Fresh or chilled**			
02011001	En canales o medias canales.	Kg	20	Ex
02012099	Los demás cortes (trozos) sin deshuesar.	Kg	20	Ex
02013001	Deshuesada.	Kg	20%	Ex
Frozen				
02021001	En canales o medias canales.	Kg	25	Ex
02022099	Los demás cortes (trozos) sin deshuesar.	Kg	25	Ex
02023001	Deshuesada.	Kg	25	Ex
SWINE MEAT	**Fresh or chilled**			
02031101	En canales o medias canales.	Kg	20	Ex
02031201	Piernas, paletas y sus trozos, sin deshuesar.	Kg	20	Ex
02031999	Las demás.	Kg	20	Ex
Frozen				
02032101	En canales o medias canales.	Kg	20	Ex
02032201	Piernas, paletas y sus trozos, sin deshuesar.	Kg	20	Ex
02032999	Las demás.	Kg	20	Ex

Ex= Except
1/ TIGI: GENERAL TAX EXPORTATION TARIFF
SOURCE: Sistema Integral de Información de Comercio Exterior, Secretaria de Economía.

MARKETING

The Mexican Government is actively searching for export markets to improve Mexican exports and help Mexican producers, such as the opening of the Chinese market to Mexican pork products. In addition, the Supports Program “Programa Soporte 2008” is orientated among other things to cattle, meat and processed meat products. Its objectives are as follows.

- Perform studies to development markets.
- Explore certification of quality for processed food products.
- Employ generic processed food products campaigns.
- Develop commercial selling missions, promotional fairs.
- Promote producers' integration into collective brands.
- Host forums on market integration.

In the present year the Program for the Stimulation of Cattle Productivity (PROGAN) will continue in which Mexican cattle buyers receive financial assistance from the government to purchase animals of higher quality genetics. In addition, more producers are being certified with "Sello de Calidad Suprema." This certification is given by companies and organizations both of whom are recognized worldwide and this certification guarantees the health, sanitation and top quality of the Mexican food-processing products, including meat.

Pork continues to be purchased by consumers in traditional Mexican markets where most butcher shops are located. However, due to the fact that women are increasingly entering the workforce, consumers are increasingly buying meat products and special cuts at supermarkets.

The U.S. Meat Export Federation (USMEF) office in Mexico City continues marketing promotion programs for U.S. red meats.

U.S. livestock, beef and pork exporters, new to the Mexican market, are also encouraged to contact the following trade organizations for further market information.

TRADE ORGANIZATIONS
THE U.S. AGRICULTURAL TRADE OFFICE (ATO)
LIVERPOOL NO.31. MEXICO, D.F. 06000
PH. (525) 5140-2614, 5140-2671; FAX (525) 5535-8557
VALERIE BROWN JONES, DIRECTOR (ACTING)
U.S. MEAT EXPORT FEDERATION (USMEF)
JAIME BALMES NO. 8, SUITE 602, 6th. FLOOR. MEXICO D.F. 11510
PH. (525) 5281-6100; FAX (525) 5281-6013
CHAD RUSSELL, REGIONAL DIRECTOR
CONFEDERACION NACIONAL DE ORGANIZACIONES GANADERAS (CNOG)
MARIANO ESCOBEDO NO. 714, COL. ANZURES. MEXICO, D.F. 11590
PH. (525) 5254-3245; FAX (525) 5254-2574
OSWALDO CHAZARO, PRESIDENT
CONSEJO MEXICANO DE LA CARNE (COMECARNE)
AV. DE LAS FUENTES 41A, DESPACHO 603 6th. FLOOR
LOMAS DE TECAMACHALCO. NAUCALPAN, ESTADO DE MEXICO 53950
PH. (525) 5589-7771, FAX (525) 5294-7995
EUGENIO SALINAS MORALES, PRESIDENT
CONSEJO NACIONAL DE PORCICULTORES (CMP)
JUAN DE LA BARRERA NO. 38, COL. CONDESA. MEXICO, D.F. 06140
PH. (525) 5212-1290, FAX (525) 5211-1379
ENRIQUE DOMINGUEZ, GENERAL DIRECTOR
ASOCIACION DE ENGORDADORES DE GANADO BOVINO (AMEG)
AV. XOLA 914, COLONIA NARVARTE, COL. NARVARTE. MEXICO D.F. 03020
PH. (525) 5639-3076, FAX (525) 5639-3075
RUBÉN GARZA GONZÁLEZ, PRESIDENT

ACRONYMS

OIE = World Organization for Animal Health

Profeco = Procuraduría Federal del Consumidor (Federal Attorney's Office for Consumer Affairs)

SAGARPA = Secretaria de Agricultura Ganaderia, Pesca y Alimentación (Secretariat of Agriculture, Cattle, Fisheries and Food)

SENASICA = Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (National Service of Health, Sanitation, Inspection and Food-processing Quality)

TIF = Establecimientos Tipo Inspeccion Federal (Federally Inspected Slaughter Facilities)

CY = Calendar Year

MMT= Million of Metric Ton

CWT= Carcass weight Ton

PROGAN= Programa de Estímulos a la Productividad Ganadera (Program for the Stimulation of Cattle Productivity).