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Report Highlights:

Mexico's poultry production is expected to grow in 2021 despite a sluggish economic rebound and ongoing pandemic emergency measures hampering domestic demand. Chicken meat, as well as eggs and egg products, are expected to remain the most popular and affordable animal protein for consumers. In 2020, the poultry sector proved to be resilient in the face of pandemic-related challenges and coped with demand disruptions, such as the closing of the hotel, restaurant, and institutional (HRI) sector. Household cooking, baked foods, and comfort foods took advantage of new commercial avenues, such as e-commerce, to bolster demand for chicken meat, eggs, and egg products.

Executive Summary

Chicken meat: In 2021, Mexico's production, consumption, and imports are projected to grow from 2020, on improved HRI demand and recoveries in gross domestic product (GDP). Chicken meat production and consumption through 2020 benefited from growing demand for a more affordable, versatile, and healthy source of animal protein. Mexico's 2020 imports declined from 2019, but still heavily depends on them to satisfy domestic demand, especially for processing. The United States remains the lead provider of chicken meat to Mexico, benefitting from expired third-country tariff-rate quotas disadvantaging Brazil and Chile in 2020.

Turkey meat: In 2021, turkey meat production, consumption, and imports are expected to increase and exports are forecast to drop. Steady retail consumer demand driven by the perception of turkey meat as a healthy meat and steady production will be complemented by U.S. imports.

Egg and egg products: In 2021, egg and egg products production, consumption, imports, and exports are all expected to increase. During the ongoing pandemic, eggs and egg products saw strong demand from households staying home and cooking more, as well as from baking operations. Mexico retains its place as the world's number one consumer of eggs.

Note: The marketing year (MY) is the calendar year; the "MY 2021" marketing year is shown as 2021. Data included in this report are not official USDA data. Official USDA data are available at: https://apps.fas.usda.gov/psdonline

Table 1. Mexico: Chicken Meat Production, Supply, and Demand, 1,000 MT

Meat, Chicken	2019		2020		2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	3,600	3,600	3,725	3,725	3,780	3,780
Total Imports	875	875	830	842	860	860
Total Supply	4,475	4,475	4,555	4,567	4,640	4,641
Total Exports	6	6	6	7	6	7
Human Consumption	4,469	4,469	4,549	4,560	4,634	4,633
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	4,469	4,469	4,549	4,560	4,634	4,633
Total Use	4,475	4,475	4,555	4,567	4,640	4,641
Ending Stocks	0	0	0	0	0	0
Total Distribution	4,475	4,475	4,555	4,567	4,640	4,641
(1,000 MT)						

Chicken Meat Production

In 2021, chicken meat production is estimated to grow 1.5 percent, reaching 3.78 million MT, on increased operational efficiencies, growing flock, and better genetics. However, this will be the slowest growth rate since 2013 due to projected price increases in yellow corn, for which poultry producers are extremely reliant. U.S. yellow corn imports have made up almost 50 percent of total feed production in recent years and poultry producers are more price sensitive to increased feed costs compared to the beef and swine industries. Producers do have the capacity to hedge against increases in feed prices by purchasing and storing grains and, in a worst-case scenario where feed prices do not decrease, are willing to pass on the price to retail consumers.

In 2020, chicken meat production was 3.725 million MT. In Mexico, through 2020, COVID-19 outbreaks and high number of deaths did negatively affect labor availability at farms, slaughtering plants, and meatpacking floors. Health challenges among workers and adverse business conditions caused smaller companies to face operational and financial hardships, pushing some to the brink of bankruptcy. Larger, vertically integrated companies acted on these opportunities to acquire the struggling smaller companies, thereby expanding their assets, flocks, and production footprint across Mexico. As the industry further consolidates, increased biosecurity capacity should help keep Mexico's favorable animal health status and minimize the risk of disease outbreaks and animal deaths. Producers were motivated by continued market demand for their product, which was supplemented by household use of chicken meat in light of fluctuating HRI demand stemming from unpredictable shutdowns.

Chicken Meat Consumption

In 2021, chicken meat consumption is forecast to grow 2 percent, reaching 4.633 million MT. Due to its affordability, chicken meat is the most consumed meat in Mexico with near 39 percent market share. This trend should continue through 2021 as the economy struggles to recuperate and households continue to cook homemade meals. Chicken meat should retain its advantage as the lowest-cost meat with price conscious buyers, its perception among consumers as a healthier meat compared pork or beef, and its versatility. In 2021, as pandemic safety measures are loosened, retail consumers who begin to eat out more will likely consume pork, giving the latter animal protein a faster growth rate.

In 2020, chicken meat consumption was 4.6 million MT. Consumption increased during 2020, as households moved away from more expensive animal proteins due to diminished income and higher unemployment, according to the National Statistics Institute (INEGI) data.

Chicken Meat Trade

In 2021, chicken meat imports are forecast to grow 2 percent, reaching 860,000 MT. Imports should begin to recuperate in 2021 despite a weak Mexican economy, which could see GDP growth of 3.5 percent from 2020 after a decline of -8.5 percent from 2019, according to INEGI. The HRI sector is expected to continue struggling, but is already adopting new commercial channels, such as e-commerce and order-to-go. Mexico’s retailers and meat processors heavily depend on chicken meat imports – especially mechanically deboned meat and breasts – for further processing, to satisfy demand. The driving force at the retail level for these processed products are consumers looking for quick, affordable, and individually packaged meat products. Mexico’s growing convenience store chains and self-service options support this growth.

In 2020, chicken meat imports from all countries were 842,000 MT, a decline of 4 percent. However, U.S. chicken meat imports grew in the same period, allowing the United States increased market share from 87 percent to 95 percent. Imports from Brazil declined dramatically without the renewal of a third-country tariff-rate quota.

In 2021, chicken meat exports are forecast to remain flat, at 7,000 MT. In, 2020 chicken meat exports were 7,000 MT. Chicken meat export growth is limited by Mexico’s eligibility to export only fully cooked poultry products to the United States – potentially its largest export market – and underdeveloped demand in other export markets to which it has access.

Table 2. Mexico: Turkey Meat Production, Supply, and Demand, 1,000 MT

Meat, Turkey	**2017**	**2018**	**2019**	**2020**	**2021***
Production	17	17	18	17	18
Imports	165	159	155	151	152
Exports	1.5	1.4	1.3	1.6	1.5
Consumption	181	181	182	179	181
(1,000 MT)					

*Forecast

Turkey Meat Production

In 2021, turkey meat production is forecast to grow 1 percent, reaching 18,000 MT. With projected GDP growth in Mexico, the commercial sector should drive a rebound in production to pre-pandemic levels, which official data recorded at 18,000 MT in 2019. Demand of whole birds increases each year in the fourth quarter due to seasonal festivities, which incentives production during that time.

In 2020, turkey meat production was 17,000 MT. In 2020, there were decreases in private investment of Mexico’s already limited commercial turkey production due to adverse macroeconomic conditions and public investment in the sector remained at zero. Rural backyard production for household self-consumption also declined, as turkeys take longer to reach slaughter, which requires higher costs on inputs, such as feed.

Turkey Meat Consumption

In 2021, turkey meat consumption is forecast to grow 1 percent, reaching 181,000 MT. This growth should be mainly driven by hotels, which are projected to increase guest capacity in 2021 as the HRI sector expands operations. E-commerce channels should also help restaurants reinstate their reach to consumers. Consumption of turkey meat in Mexico is mainly through processed products, combined with other proteins such as chicken meat or pork. As processors develop new products combining different sources of animal proteins or even vegetable-based proteins, turkey meat consumption will be able to regain its growing momentum.

In 2020, turkey meat consumption was 179,000 MT. During 2020, consumption decreased compared to 2019 in part due to turkey’s more premium price point, which affected its stance as an ingredient in processed foods and as a standalone meat for households.

Turkey Meat Trade

In 2021, turkey meat imports are forecast to grow 1 percent, reaching 152,000 MT. Mexico depends heavily on imports to satisfy the domestic demand. The projected GDP rebound of 3.5 percent in 2021 compared to 2020, coupled with increased HRI demand, particularly from hotels, should drive imports.

In 2020, turkey meat imports were 151,000 MT, a decline of 3 percent, on weak macroeconomic conditions and decreased purchasing power from a weakened peso. Additionally, erratic HRI shutdowns, decreased household income, and increased unemployment decreased demand and allowed domestic production to fill the shrinking supply gap.

In 2021, turkey meat exports are forecast to decline to 1,500 MT. In 2020, turkey meat exports were 1,600 MT. Mexico is limited to exporting fully cooked turkey meat products. However, the limited domestic production of turkey meat is expected to go largely toward satisfying domestic demand.

Table 3. Mexico: Eggs Production, Supply, and Demand, MT and Kilograms per Capita

Poultry, Eggs	**2016**	**2017**	**2018**	**2019**	**2020**	**2021***
Production**	2,720,742	2,828,056	2,931,593	2,987,782	3,026,360	3,100,000
Imports**	69,029	63,107	50,798	72,157	93,711	94,650
Exports**	669	1,069	806	806	230	400
Consumption***	23.48	22.70	22.98	23.20	23.60	24.50

*Forecast; **Measured in MT, including both egg and egg products; ***Measured in kilograms per capita
Sources: Mexico's Agricultural Statistics Service (SIAP), Trade Data Monitor, and Poultry Producers Association (UNA)

Egg Production

In 2021, egg production is forecast to grow 2 percent, reaching 3.1 million MT. During 2015–2021, Mexican producers increased efforts to improve their layer flocks and egg production through vertical integration and new technologies. Vertically integrated producers have room to increase egg production through decentralized programs they have implemented, keeping stages of the production chain (breeders, chickens, layers, and others) in different facilities and locations, as well as limiting flock numbers in order to lower the risk of outbreaks or death rates. Cage free and other alternative production designations are expected to grow in 2021. Mexico's adequate animal health inspection and disease prevention systems should help it manage potential avian disease outbreaks.

In 2020, egg production was 3.03 million MT. Industry sources state layers flock grew close to 1.2 percent from 2019 to 2020.

Egg Consumption

In 2021, egg consumption is forecast to grow 4 percent, reaching 24.5 kilograms per capita. The GDP declines and unemployment seen in 2020 are expected to continue affecting household's disposable income into 2021, to the benefit of eggs as an affordable animal protein. Promotional campaigns are expected to continue providing information to retail consumers on product use and the health benefits of eggs, such as nutritional properties, ease of digestion, and cooking versatility. The increase in household cooking and consumption of comfort foods, such as baked goods, from 2020 should continue into 2021, helping keep Mexico in the number one spot for world egg consumption.

In 2020, egg consumption was 23.6 kilograms per capita.

Egg Trade

In 2021, egg and egg product imports are expected to grow 1 percent, reaching 94,650 MT, on increased U.S. egg and egg product imports supplying northern border states. Retailers in these markets are expected to turn to these for their logistical and price advantages.

In 2020, egg and egg products imports were 91,100 MT.

In 2021, egg and egg products exports are forecast to grow 52 percent, reaching 350 MT. It is expected that egg distribution for the domestic market will slowly adjust to pre-pandemic levels in which central-Mexico producers more regionally supplied markets in the center and south of the country and focused on exports. Full recovery from the large decline in 2020 may take up to four years.

In 2020, egg and egg products exports were 230 MT, a decrease of 71 percent. During April–June 2020, in the first months of pandemic-related shutdowns, Mexican producers could not keep pace with growing domestic demand for shell eggs and egg products, in part due to panic buying. Domestic supply was prioritized over exports, decreasing shipments by 30 percent compared to those of 2019.

Attachments:

No Attachments