USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 8/13/2004

GAIN Report Number: MX4101

Mexico

Poultry and Products

Poultry Annual Report

2004

Approved by:
Lisa Anderson
Mexico City

Prepared by:
Dulce Flores

Report Highlights:
Mexico's poultry industry is forecast to continue growing during MY 2005 (Jan-Dec), as the trend toward vertical integration in the chicken industry continues. Exports of U.S. poultry and poultry products are forecast to increase as well. Mexico imposed sanitary import restrictions due to Avian Influenza outbreaks in the United States. However, these restrictions have been gradually lifted allowing most U.S. poultry trade to continue unimpeded.

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

Table of Contents

SECTION I. Situation and Outlook

Poultry Situation and Outlook

Chicken meat production for MY 2005 (Jan-Dec) is forecast to increase five percent over MY 2004 as the trend toward vertical integration is expected to continue. Population growth and affordable prices relative to other meats are expected to spur demand. The safeguard agreement on chicken leg quarters should continue to provide some additional protection for the Mexican industry. Turkey meat production is also forecast to increase three percent for MY 2005, but still represents less than 10 percent of total consumption.

Chicken and turkey meat imports, mainly mechanically separated meat (MSM) and turkey parts for use in the sausage and cold meat industry, are by far the main poultry products imported by Mexico. Imports of these products for MY 2005 are forecast to increase as demand from Mexico's food and meat processors continues for MSM. The lifting of sanitary restrictions by the Mexican Government due to the Avian Influenza outbreaks in the United should improve overall poultry imports to Mexico.

The poultry sector accounts for 61.4 percent of total livestock production in Mexico, with 28.2 percent going to egg production, 33.0 percent going to chicken production, and 0.2 percent going to turkey production.

SECTION II. Statistical Tables

POULTRY, MEAT, BROILER

Country	Mexico					
Commodity	Poultry, Meat, Broiler				(1000 MT)(MIL HEAD)	
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2003		01/2004		01/2005	
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	2297	2290	2460	2400	0	2520
Whole, Imports	0	0	0	0	0	0
Parts, Imports	338	338	350	350	0	364
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	338	338	350	350	0	364
TOTAL SUPPLY	2635	2628	2810	2750	0	2884
Whole, Exports	0	0	0	0	0	0
Parts, Exports	1	1	1	1	0	1
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	1	1	1	1	0	1
Human Consumption	2634	2627	2809	2749	0	2883
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2634	2627	2809	2749	0	2883
TOTAL Use	2635	2628	2810	2750	0	2884
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	2635	2628	2810	2750	0	2884
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

POULTRY, MEAT, TURKEY

Country	Mexico					
Commodity	Poultry, Meat, Turkey				(1000 MT)(MIL HEAD)	
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2003		01/2004		01/2005	
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	14	14	14	17	0	17
Whole, Imports	0	0	0	0	0	0
Parts, Imports	158	158	165	165	0	173
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	158	158	165	165	0	173
TOTAL SUPPLY	172	172	179	182	0	190
Whole, Exports	0	0	1	1	0	1
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	1	1	0	1
Human Consumption	172	172	178	181	0	189
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	172	172	178	181	0	189
TOTAL Use	172	172	179	182	0	190
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	172	172	179	182	0	190
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

BROILERS RETAIL PRICE

Broilers Retail Price				PESOS/KILOGRAM
Month	**2002**	**2003**	**2004**	**% Change 03/04**
January	18.06	18.31	18.32	0.05
February	16.12	18.73	18.69	(0.21)
March	15.08	18.60	18.74	0.75
April	16.98	18.42	18.64	1.19
May	17.92	18.47	18.85	2.05
June	18.54	18.24	N/A	N/A
July	18.25	18.10	N/A	N/A
August	17.93	18.06	N/A	N/A
September	17.59	18.50	N/A	N/A
October	17.70	17.87	N/A	N/A
November	17.74	17.25	N/A	N/A
December	18.19	17.97	N/A	N/A
Annual Avg.	17.51	18.21	18.65*	3.83*

SOURCE: NATIONAL POULTRY ASSOCIATION, UNA.

BROILERS WET MARKET PRICES

BROILERS[A] WET MARKET PRICES				PESOS/KILOGRAM
Month	**2002**	**2003**	**2004**	**% Change 03/04**
January	18.00	20.70	18.08	(12.65)
February	17.50	21.00	18.17	(13.47)
March	18.17	21.20	19.63	(7.40)
April	19.75	21.00	18.88	(10.09)
May	20.30	21.67	16.83	(22.33)
June	20.25	22.17	N/A	N/A
July	19.92	22.36	N/A	N/A
August	20.71	21.60	N/A	N/A
September	20.00	22.50	N/A	N/A
October	20.20	16.50	N/A	N/A
November	20.13	17.25	N/A	N/A
December	20.90	18.08	N/A	N/A
Annual Avg.	19.70	20.50	18.32	(13.18)
[A] Whole chicken including offal				

SOURCE: NATIONAL POULTRY ASSOCIATION, UNA.

LEG QUARTER RETAIL PRICES

LEG QUARTER WHOLESALE PRICES				Pesos/kilogram
Month	2002	2003	2004	% Change 03/04
January	17.14	18.43	17.61	(4.44)
February	15.92	21.00	17.97	(14.42)
March	17.69	21.05	19.36	(8.02)
April	17.82	21.25	18.30	(13.88)
May	18.35	20.40	18.05	(11.51)
June	19.78	21.95	18.61	(15.21)
July	19.33	20.30	N/A	N/A
August	18.69	17.76	N/A	N/A
September	18.96	15.88	N/A	N/A
October	18.00	15.65	N/A	N/A
November	18.30	15.70	N/A	N/A
December	18.91	17.10	N/A	N/A
Annual Avg.	18.24	18.87	18.31*	(11.24)*

SOURCE: NATIONAL INFORMATION MARKET SERVICE, (SNIIM)

BEEF CARCASS WHOLESALE PRICES

BEEF CARCASS WHOLESALE PRICES			Pesos/kilogram
Month	2003	2004	Change %
January	24.04	26.91	11.93
February	24.18	27.33	13.02
March	24.30	27.11	11.56
April	24.19	27.10	12.02
May	24.10	27.12	12.53
June	24.11	N/A	N/A
July	24.02	N/A	N/A
August	24.11	N/A	N/A
September	24.08	N/A	N/A
October	24.17	N/A	N/A
November	24.91	N/A	N/A
December	25.48	N/A	N/A
Annual Avg.	24.30	27.11	12.21

SOURCE: NATIONAL MARKET INFORMATION SERVICE (SNIM)

MEXICAN IMPORTS FOR SELECTED POULTRY PRODUCTS Jan-Dec 2002

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.	1448
	NETHERLANDS	169
	OTHER	
	SUBTOTAL (Thousand head)	1747
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.	507
	NETHERLANDS	58
	OTHER	
	SUBTOTAL (Thousand head)	629
0105.11.99	Other	
	U.S. and subtotal	80
0105.19.99	Other (Chickens)	
	U.S.	1
	OTHER	22
	SUBTOTAL (Thousand head)	23
0207.11.01	Other fresh or chilled whole poultry	
	U.S. and subtotal	1474
0207.12.01	Other frozen whole poultry	
	U.S.	430
	CHILE	996
	OTHER	
	SUBTOTAL	1433
0207.25.01	Whole frozen turkey	
	U.S.	1320
	CHILE	153
	OTHER	
	SUBTOTAL	1473
0207.33.01	Whole ducks, geese & guineas frozen	
	U.S.	601
	OTHER	0
	SUBTOTAL	601
0207.26.01	Mechanically deboned turkey meat	
	U.S. and subtotal	3411
0207.26.99	Fresh & chilled turkey parts	

H.S. Tariff Number	Description & Country of Origin	Volume MT
	U.S.	67213
	Other	19
	SUBTOTAL	67232
0207.13.01	Mechanically deboned chicken meat fresh or Chilled	
	U.S. and subtotal	68089
0207.14.01	Mechanically deboned chicken meat frozen	
	U.S.	44388
	CHILE	
	SUBTOTAL	46507
0207.13.99	Fresh & chilled chicken parts	
	U.S. and subtotal	31769
0207.14.99	Frozen poultry parts	
	U.S.	77877
	OTHER	
	SUBTOTAL	79643
0207.27.01	Mechanically deboned turkey meat, frozen	
	U.S.	15220
	OTHER	
	SUBTOTAL	16391
0207.27.99	Frozen turkey parts	
	U.S.	47991
	OTHER	
	SUBTOTAL	48455
0207.36.99	Duck, geese or guineas cuts, frozen	
	U.S. and subtotal	14
0207.14.02 & 0207.36.01	Poultry livers	
	U.S. and subtotal	1
0407.00.01	Table eggs, fresh, including hatching eggs	
	U.S.	5584
	OTHER	
	SUBTOTAL	2813
1602.31.01	Processed meat (Turkey)	
	U.S.	2047
	OTHER	
	SUBTOTAL	2568
1602.32.01	Prepared or preserved chicken meat or offal	
	U.S.	6372
	OTHER	421
	SUBTOTAL	6793

H.S. Tariff Number	Description & Country of Origin	Volume MT
1602.39.99	Other processed poultry meat	
	U.S.	67
	OTHER	
	SUBTOTAL	92
0207.13.02	Chicken carcasses	
	U.S. & subtotal	18317
0207.14.03	Chicken carcasses	
	U.S. & subtotal	0
0207.26.02	Turkey carcasses	
	U.S. & subtotal	0
0207.27.03	Turkey carcasses	
	U.S. & subtotal	0
0207.13.03	Chicken Leg Quarter, Fresh/chilled	
This line will apply for 2003	U.S. & subtotal	0
0207.14.04	Chicken Leg Quarter, Frozen	
This line will apply for 2003	U.S. & subtotal	0

MEXICAN IMPORTS FOR SELECTED POULTRY PRODUCTS Jan–Dec 2003

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.	1,595
	EL SALVADOR	87
	OTHER	127
	SUBTOTAL (Thousand heads)	1,809
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.	504
	NETHERLANDS	13
	OTHER	12
	SUBTOTAL (Thousand heads)	529

H.S. Tariff Number	Description & Country of Origin	Volume MT
0105.11.99	Other	
	U.S. and subtotal	0
0105.19.99	Other (Chickens)	
	U.S.	3
	OTHER	32
	SUBTOTAL (Thousand heads)	35
0207.11.01	Other fresh or chilled whole poultry	
	U.S. and subtotal	3,338
0207.12.01	Other frozen whole poultry	
	U.S.	276
	OTHER	0
	SUBTOTAL	276
0207.25.01	Whole frozen turkey	
	U.S.	2,679
	CHILE	1,078
	OTHER	0
	SUBTOTAL	3,757
0207.33.01	Whole ducks, geese & guineas frozen	
	U.S.	527
	CANADA	320
	SUBTOTAL	846
0207.26.01	Mechanically deboned turkey meat	
	U.S. and subtotal	2,034
0207.26.99	Fresh & chilled turkey parts	
	U.S.	83,693
	Other	0
	SUBTOTAL	83,693
0207.13.01	Mechanically deboned chicken meat fresh or Chilled	
	U.S. and subtotal	80,081
0207.14.01	Mechanically deboned chicken meat frozen	
	U.S.	43,370
	CHILE	1,894
	SUBTOTAL	45,264
0207.13.99	Fresh & chilled chicken parts	
	U.S. and subtotal	1,784
0207.14.99	Frozen poultry parts	
	U.S.	60,424
	OTHER	582
	SUBTOTAL	61,006
0207.13.03	Chicken Leg Quarter, Fresh/chilled	

H.S. Tariff Number	Description & Country of Origin	Volume MT
	U.S.	30,175
	OTHER	0
	SUBTOTAL	30,175
0207.14.04	Chicken Leg Quarter, Frozen	
	U.S.	81,476
	OTHER	0
	SUBTOTAL	81,476
0207.27.01	Mechanically deboned turkey meat, frozen	
	U.S.	15,877
	OTHER	314
	SUBTOTAL	16,191
0207.27.99	Frozen turkey parts	
	U.S.	40,551
	OTHER	59
	SUBTOTAL	40,610
0207.36.99	Duck, geese or guineas cuts, frozen	
	U.S.	23
	SUBTOTAL	28
0207.14.02 & 0207.36.01	Poultry livers	
	U.S.	0
	CANADA	2
	SUBTOTAL	2
0407.00.01	Table eggs, fresh, including hatching eggs	
	U.S.	17
	OTHER	0
	SUBTOTAL	17
1602.31.01	Processed meat (Turkey)	
	U.S.	2,783
	OTHER	231
	SUBTOTAL	3,014
1602.32.01	Prepared or preserved chicken meat or offal	
	U.S.	4,924
	OTHER	365
	SUBTOTAL	5,289
1602.39.99	Other processed poultry meat	
	U.S.	2
	OTHER	12
	SUBTOTAL	14
0207.13.02	Chicken carcasses	

H.S. Tariff Number	Description & Country of Origin	Volume MT
	U.S. and Subtotal	19,697
0207.14.03	Chicken carcasses	
	U.S. and Subtotal	18
0207.26.02	Turkey carcasses	
	U.S. and Subtotal	0
0207.27.03	Turkey carcasses	
	U.S. and Subtotal	0

MONTHLY EXCHANGE RATE

MONTHLY EXCHANGE RATE AVERAGES			
	2002	2003	2004
January	9.16	10.59	10.93
February	9.10	10.93	11.01
March	9.07	10.92	11.00
April	9.14	10.61	11.26
May	9.49	10.25	11.52
June	9.75	10.49	11.38
July	9.79	10.44	11.53
August	9.83	10.75	N/A
September	10.05	10.92	N/A
October	10.09	11.17	N/A
November	10.19	11.12	N/A
December	10.21	11.25	N/A
Annual Avg.	**9.82**	**10.79**	**11.23**
Source: Mexican Federal Register Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico.			

POULTRY NUMBERS

MEXICO: POULTRY NUMBERS, 2003	
Type of Bird	**Thousand of Heads**
Laying Hens in production*	110,528,305
Pullets in grow out	33,158,492
Light Breeding Hens in production	832,194
Light Breeding Hens in grow out	375,571
Heavy Breeder Hens in production	9,227,000
Heavy Breeder Hens in grow out	5,956,000
Heavy Progenitor Hens in production	156,331
Heavy Progenitor Hens in grow out	113,265
Broilers (Per cycle)	237,737,853
Turkeys (Per cycle)	875,000
Total Poultry Flock	**398,960,011**

*THERE ARE AN ESTIMATED 19 MILLION LAYING HENS IN THE SECOND CYCLE
SOURCE: UNA (NATIONAL POULTRY ASSOCIATION)

PER CAPITA CONSUMPTION

PER CAPITA CONSUMPTION				
Products / pounds-	**2001**	**2002**	**2003**	**2004①**
EGGS	44.50	44.54	41.96	42.33
CHICKEN MEAT	45.97	47.80	49.09	50.52
TURKEY MEAT②	4.18	4.29	4.40	4.51

Source: UNA (National Poultry Association)
① Forecast
② Includes whole turkey, turkey parts and processed products.

SECTION III. Narrative on Supply and Demand, Policy & Marketing

CHICKEN MEAT

PRODUCTION

Mexican chicken meat production for MY 2005 (Jan-Dec) is forecast to increase five percent over MY 2004 production. Chicken producers continue to face favorable demand for their products. Effective marketing campaigns, strong financial positions among chicken processors, and continued improvement in product quality should contribute to increased production as should the provisional poultry safeguard for chicken leg quarters which has been in place since 2003 (see Trade Section). Chicken is still considered the least expensive meat in Mexico.

Chicken meat production for MY 2004 was revised downward from previous estimates to 2.4 MMT, a 5-percent increase compared to MY 2003, to prevent overproduction and low prices. The industry indicated that they have chosen to invest capital surplus in advance technology and in more quality certifications to become more competitive rather than having higher production rates that could result in overproduction and lower market prices. However, if growth efforts could be effectively channeled to the export market, production rates could increase. Costs of production for MY 2004 have increased due to higher grain and oilseed prices, as well as higher prices for electricity, packing materials and transportation costs (i.e., feed costs increased from 55 percent to 60 percent of the total cost). The estimate for MY 2003 production was revised slightly downward based on official industry data.

Producers indicate that 60 percent of imported feedstuffs are in sorghum and corn, 23 percent in oilseeds and protein meals, and 17 percent in other products such as safflower, orthophosphate, calcium, and methionine. For the first quarter of 2004, domestic yellow corn prices averaged between $1,500 and $1,836 pesos/MT (US$133.21 to $163.05/MT), and domestic sorghum prices were on average $1,200 to $1,660 pesos/MT (US$106.57 to $147.42/MT). According to the Poultry Producers Association (UNA), balance feed consumption for MY 2004 is forecast to reach a total of 12.4 MMT, (7.8 MMT of feed grains, 2.6 MMT of oilseeds and protein meals, and 2.0 MMT of other raw materials) from 12.1 MMT of balance feed consumption in MY 2003.

Modern technology continues to be widely used by domestic poultry producers. The poultry industry indicates that 60 percent or more of the industry is mechanized. About 80 percent of total Mexican chicken meat is produced in large vertically-integrated companies. Genetics are usually sourced from the United States. The main broiler breeding flocks in Mexico are Ross Breeders and Hybro, which together represent approximately 74 percent of the total broiler breeding stock. For the layer breeding flocks, 90 percent of production is white eggs, and the most representative genetic lines are HY LINE with 33 percent of total domestic production and ISABABCOCK-300 with 35 percent of total production. The main genetic line for brown egg production is HISEX BROWN with 5 percent of total domestic production.

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. Currently, three leading companies account for nearly 60 percent of total domestic production of chicken meat. Over the next four years, the industry is expected to consolidate further and these three companies could account for as much as 80 percent of production. Medium-size companies will likely merge into cooperatives and associations, with smaller players becoming contract producers. According to UNA data, large poultry producers accounted for 33 percent of the total production in 1996, compared to 52 percent in 2003. In contrast, small poultry producers accounted for 27 percent of production in 1996, but only 12 percent in 2003.

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 is 1.92 kg. The poultry industry reports that the average feed conversion ratio is 2.2 kg of feed to 1 kg of poultry meat.

CONSUMPTION

Chicken meat consumption for MY 2005 is forecast to increase almost 5 percent due to population growth, the affordability of chicken relative to other meat, effective marketing, and improved product quality. Chicken meat demand is relatively elastic, so changes in price result in significant changes in consumption. Broiler consumption continues to increase because it is cheaper compared to red meats. Increased consumer awareness of cholesterol problems is resulting in greater marketing opportunities for chicken meat. Consumers continue to prefer fresh whole chickens to chicken parts. Although, purchases of chicken parts are increasing slowly, mainly in supermarkets servicing higher-income consumers. Mexican consumers tend to prefer dark meat to white meat.

The MY 2004 domestic consumption estimate was revised downward, due to slightly lower demand, but still reflects a 4.6 percent increase over MY 2003. Interestingly, domestic wholesale prices for chicken leg quarters (CLQ) were cheaper for the first quarter of 2004 compared to 2003, despite poultry import restrictions on U.S. poultry products because of Avian Influenza (AI) (see Trade Section). Wholesale prices for CLQs for the month of June 2004 were, on average, about $18.61 (US$1.61/kg), while imported CLQs marketed at the border were, on average, $12.50 pesos/kg (US$1.08/kg). The consumption estimate for MY 2003 was also revised downward based on final UNA information, but still represents an 8-percent increase over MY 2002 estimates.

Roasting chickens (whole chicken without offal) account for 23 percent of chicken meat consumption, while chickens sold in wet markets and stalls (whole chicken including offal) account for approximately 26 percent of the total. Live birds represent 30 percent of total chicken meat consumption. Only 5 percent of total chicken meat consumption is purchased in supermarkets (whole chicken without offal), and chicken cuts account for less than 11 percent of total consumption. Value-added products account for about 5 percent of total consumption.

TRADE

Chicken and turkey meat are the primary poultry products imported by Mexico. Imports of cuts and mechanically separated chicken (MSC) for MY 2005 are forecast to increase 4 percent over MY 2004 imports, due to continued demand from the processing industry. The processing industry imports most of the MSC and chicken cuts as inputs for the domestic sausage and cold-cuts industries. Large meat processors prefer fresh, refrigerated product and medium-small sized processors use frozen product.

Estimated imports of poultry cuts and MSC for MY 2004 remain unchanged, still reflecting an increase of almost 4 percent over MY 2003 imports. Quarantine requirements implemented by the Mexican government on imported poultry products since 2003 and other AI outbreaks in several U.S. states during 2004 slowed poultry imports somewhat during the first five months of MY 2004. CLQs imported under the poultry safeguard (see report MX 3099) are forecast to reach the 101,000 MT tariff-rate-quota (TRQ) limit for MY 2004. According to the poultry industry, the CLQs TRQ for MY 2003 was 80 percent of the total. Total MY 2003 poultry imports remain unchanged.

A final safeguard was imposed on U.S. chicken leg quarters in July 2003 (see report MX 3099). This safeguard will be in place for 5 years and the tariff will be phased down to zero in 2008. According to Mexican trade data, imported CLQs under H.T.S. 0207.13.03 & 0207.14.04 were 30,164 MT, as of April 2004, slightly above the 29,750 MT imported as of April 2003. The tariff phase-out schedule and the annual 1-percent increase in TRQ volume for CLQs are shown in the following table.

YEAR	TRQ (MT)	TARIFF	HIGH-RATE 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

Mexico allows any imports of U.S. CLQs in excess of the duty-free TRQ quantities established in the agreement to enter and be sold throughout Mexico at the higher rate duty. However, a few importers have crossed CLQs under court injunctions (a*mparos*) into the country without paying the corresponding duties. Effective January 1, 2008, Mexico will provide full duty-free access and eliminate the import license requirements for U.S. CLQs.

GOM concerns about the presence of Low Pathogenic Avian Influenza (LPAI) and High Pathogenic Avian Influenza (HPAI) in the United States have resulted in the establishment, by the Secretariat of Agriculture (SAGARPA), of import restrictions for poultry and poultry products from several U.S. states during 2003 and 2004 (see reports MX4022, MX4023, MX4080). Most recently, SAGARPA had prohibited all poultry imports originating or coming from the state of Texas due to an AI outbreak (see report MX4080). Following July 2004 technical meetings between USDA's Animal and Plant Health Inspection Service (APHIS) and SAGARPA, SAGARPA announced that some products could be imported from Texas. However, import restrictions continue to apply to the following Texas counties due to a previous HPAI outbreak: Gonzales, Guadalupe, Galdwell, Bastrop, Fayette, La Vaca, De Witt, Karnes, Wilson, Comal and Hays (see table below).

Although SAGARPA lifted the AI ban on several states from the U.S., import restrictions continue for the states of California, and Connecticut because of their AI vaccination program; and for Delaware, Maryland, New Jersey, and Pennsylvania because of recent detections of LPAI.

The following table summarizes some of the regulations that are currently being implemented by the Mexican government for U.S. live poultry and poultry meat exports.

REGULATIONS FOR POULTRY AND POULTRY PRODUCTS EXPORTS

Item	Raw Poultry Direct Consumption 1/	Raw poultry Further Processing 5/	Fully Cooked Products	Table and Hatching Eggs	Live Birds
AI states export status 2/	NO	YES 6/	YES	NO	NO
Required language on cleaning and disinfection of trucks	YES	YES	NO	YES	YES
Required sealing of trucks at point of origin	YES	YES	NO	YES	YES
Agar Gel test required	YES	NO	NO	YES 3/	YES 3/
Certification requirements on END 4/	YES	YES	YES	YES	YES

1/ SAGARPA still does not allow imports of bone-in chicken leg quarters for further processing to the interior of Mexico because of concerns about products being diverted to the retail market.

2/ Imports are prohibited from the states of Connecticut, California, Delaware, New Jersey, Maryland and Pennsylvania because of LPAI, and the following Texas counties due to a HPAI outbreak: Gonzales, Guadalupe, Galdwell, Bastrop, Fayette, La Vaca, De Witt, Karnes, Wilson, Comal and Hays. Therefore meat and birds should not come or originate from these areas.

3/ Test should begin 21 days before laying and should continue on a quarterly basis.

4/ 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. ”

5/ Imports are only approved to proceed to Federal Inspected Plants (TIF) and non-TIF meat processing facilities authorized by SAGARPA.

6/ Imports are prohibited from California, Connecticut, Delaware, Maryland, New Jersey, Pennsylvania and Texas, unless that their destination is an establishment authorized by SAGARPA to carry out thermal treatment processes. However, imports of raw material for thermal processing should not come or originate from the following Texas counties: Gonzales, Guadalupe, Galdwell, Bastrop, Fayette, La Vaca, De Witt, Karnes, Wilson, Comal and Hays.

For additional information regarding poultry meat and egg products exports to Mexico see the web page USDA/FSIS/Export Library at http://www.fsis.usda.gov (Export Requirements for meat and poultry products)

To promote exchange of information and improve working relationships on poultry trade and animal health issues, both the U.S. and Mexico poultry industries, USAPEEC and UNA, jointly with USDA and SAGARPA, held a symposium in Mexico City in May 2004, with the theme of *"Working Together Works"*.

Trade between Mexico and the European Union under their free trade agreement has been small. Fresh poultry meat was not among the agricultural products discussed in the tariff negotiations. Most of the trade has been Mexican exports of specific pathogen-free (SPF) eggs, which enjoy a 50-percent reduction of the most favored nation tariff at the moment in the EU. Due to AI outbreaks in the U.S., and subsequent exporting problems to certain Asian markets, Mexico began to export some poultry specialty cuts to Japan. Although exports were small in 2004, this is a new market that Mexico is currently exploring. In fact, Mexico and Japan are getting ready to sign a Free Trade Agreement (FTA) where poultry exports are contemplated under a TRQ. Specific details of the poultry TRQ will be announced when the Mexico-Japan FTA is officially signed sometime later in the year.

MARKETING

Generic advertising campaigns have been successful in increasing domestic consumption of poultry products in Mexico. Currently, most of the 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. USAPEEC's Mexico office has been actively promoting poultry products in different large retail and food service exhibitions within the USDA/Agricultural Trade Show Pavillions like ANTAD and ABASTUR. For cooked and processed poultry products, USAPEEC has also participated in EXPHOTEL. 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.

TURKEY MEAT

PRODUCTION

Turkey meat production for MY 2005 (Jan-Dec) is forecast to increase 3 percent to 17,304 MT, due to favorable demand. The MY 2004 production estimate was revised upward to 16,800 MT based on UNA's estimate, which took into account additional increases from some new turkey producing plants. Production estimates for MY 2003 remain unchanged. 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 other 30 percent of turkey production is sold as domestic turkey parts and further-processed products such as turkey patties, nuggets, cold cuts and oven-cooked turkey legs. Two large companies (Parson and Jerome-Mezoro) represent almost 90 percent of total domestic production. Most turkey is produced in the states of Chihuahua and Sonora, which account for 40 and 50 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

Consumption for MY 2005 is forecast to increase 5 percent, due to growing demand for turkey products from the processing industry. Consumption estimates for MY 2004 were revised upward to 181,000 MT, due to higher demand from the processing industry. Consumption of turkey 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 pure pork cooked hams. Most of the whole turkey demand is during the Christmas season, where average bird weight is 15 pounds. Average per capita consumption is estimated by UNA at 4.51 pounds for 2004 including whole turkey, turkey cuts and other turkey products. Consumption estimates for MY 2003 remain unchanged. Turkey prices during the Christmas season in 2003 were $28 to $32 pesos/kg (US $2.48 to $2.84/kg) for smoked turkey, and $24 to $30 pesos/kg (US $2.13 to $2.66/kg) for whole uncooked turkey.

TRADE

MY 2005 turkey meat imports are forecast to increase 5 percent, due to expected higher demand of turkey parts for further processing and the lifting of sanitary restrictions on U.S. poultry meat. Turkey meat imports for MY 2004 remain unchanged at 165,000 MT. The processing industry, however, considers that imports of turkey meat for the first 5 months of 2004 were slower due to the AI sanitary import restrictions imposed by the Mexican government (see chicken trade section). Turkey meat imports for MY 2003 remain unchanged. The processing industry imports most of the turkey parts and mechanically separated turkey (MST) as inputs for the domestic cold-cuts industry. Demand for imports is expected to continue because domestic producers cannot meet Mexican packers' demand for MST. Domestic meat processors are demanding more turkey thigh meat to produce cooked hams made up of blends of domestic pork and U.S. turkey thighs. Whole turkey imports from the U.S. have increased since 2003, due to higher demand. Whole turkey imports from Chile also increased as the Mexican ban on Chilean poultry was lifted in 2003. Chilean poultry imports are duty free under the Mexico-Chile Free Trade Agreement.

The United States is by far the main supplier of turkey meat and products to Mexico. Currently, two large corporations have about 75 percent of the market share for these products. The leading turkey processors have been successful in gaining shelf space for fresh turkey parts, and high value products, by targeting medium- and high-income segments of the population.

MARKETING

Around 75 percent of the total production in Mexico 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, along with local turkey producers, has 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 in Mexico has also participated in large retail and food service shows promoting further-processed poultry products (see chicken meat marketing section).