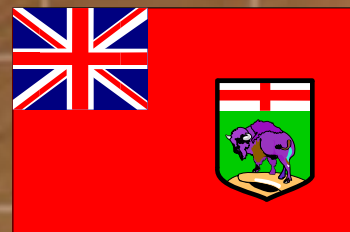


Swine and cattle markets in Mexico



September, 2006

Mexico...

- 104 million Mexicans
- 10th largest economy in the World – 2nd in Latin America
- Commercial partner in NAFTA





Swine and pork meat markets

NATIONAL PERSPECTIVE

- Trend towards concentration of producers
- Seasonal production & consumption
- 75% production in 8 States – 40% national prod. in Sonora and Jalisco
- Nuevo Leon slaughters mainly imported pigs
- 6.3 million tons of meat consumed in Mexico (2005) – 25.6 % pork
- Pork products per capita – 15.4 Kgs (2004) – 15.0 Kgs (2005)
- 24.1 % of the families consumed pork in 2004



Swine and pork meat markets

MEXICO'S SWINE INTERNATIONAL TRADE

- Imports follow seasonality in national consumption
- Reduction in imports impact national pork availability
- US - Redirection of exports and increased pork consumption
- Breeding stock deficit – sows main component of Mex imports
- High genetic quality sow farms
- Higher priority on swine for slaughter



Swine and pork meat markets

MEXICO'S PORK MEAT INTERNATIONAL MARKET

- Pork meat imports decreased in 2005
- Pork legs and back represented 69% of the imports
- 79.5% imports are fresh or chilled meats – these decreased in 7.5%
- Frozen pork imports declined by 13% from 2004
- Exports – 75% frozen 25% chilled
 - Japan 81%
 - US 4 % (final destination: Japan and South Korea)



Swine and pork meat markets

SWINE FORECASTING IN MEXICO

- Increased productivity of Mexican swine producers
- Pig imports will increase 8.4% in 2006
- Mexico seeks to consolidate in Japan and S. Korea – increase exports by 17.4%
- 15.6 kgs pork products per capita in 2006
- A Mexican peso devaluation is still a risk for imports



Cattle and beef markets

CATTLE AND BEEF OVERVIEW IN MEXICO

- Beef per capita has decreased in Mexico – 14.8 Kgs in 2004
- Cattle livestock industry more competitive in Mexico:
 - Intensive breeding in the north
 - Extensive breeding in the south
- Beef consumption subject to seasonality
- Cattle livestock concentrated in 13 states
- Chicken replaced beef as the most consumed meat in Mexico
- Good conditions to promote beef consumption



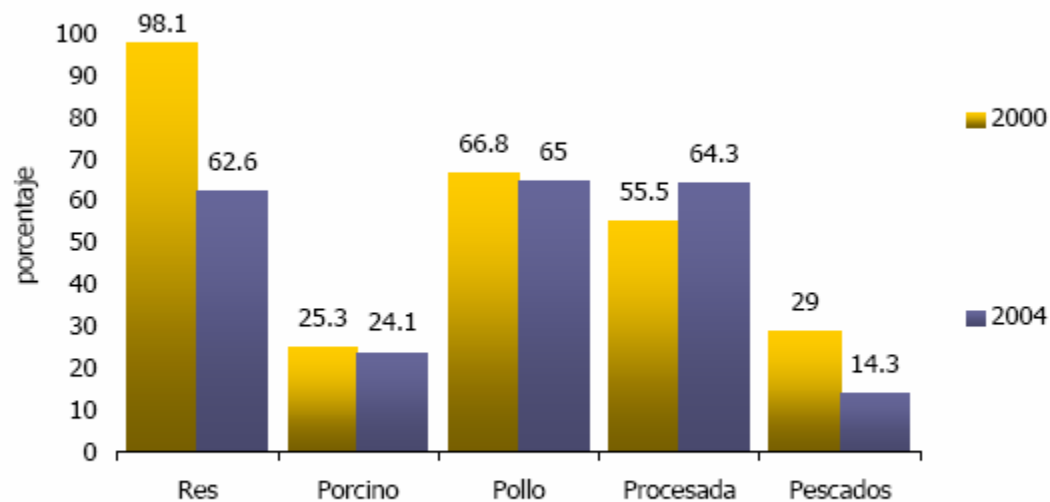
Cattle and beef markets

MEXICO'S BEEF INTERNATIONAL TRADE

- Mexican beef imports were estimated to decrease by 40% in 2004
- NAFTA – 0% tariff in Mexico – current restriction to Canadian cattle
- No major changes in cattle and beef Mexican imports in the short future
- Raise in price of corn and sorghum might push cattle and beef price up
- Mexican exports are directed mainly to Central and South America

% of families purchasing meats in Mexico

Evolución de la proporción de familias que reportan gasto en la compra de cárnicos 2000-2004



Fuente: CGG con información de ENIEGH 2000 y 2004 / INEGI.

Our Initiatives

- Expo Ganadera **Jalisco** 2006
Oct 30 – Nov 1
Cattle and swine breeders
Producers' Associations and Unions
Equipment and feed suppliers
- Cattle and Swine associations in **Nuevo Leon**
Nov 2 – 3

Both states:

- One-on-one meetings with breeders and importers
- Visits to local production facilities



Sources of information

- SAGARPA (Agriculture and Livestock Secretariat) “Situación actual y perspectiva de la producción de carne de porcino en México 2006”
- Canadian Trade Commissioner Mexico, “Overview of the Mexican Pork Sector”
- SAGARPA (Agriculture and Livestock Secretariat) “Situación actual y perspectiva de la producción de carne de bovino en México 2004”

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